

**SCHOOL DISTRICT
OF THE
BOROUGH OF LINCOLN PARK**

**Borough of Lincoln Park School District
Lincoln Park, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

**Comprehensive Annual
Financial Report**

of the

Borough of Lincoln Park School District

Borough of Lincoln Park, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

**Borough of Lincoln Park School District
Board of Education**

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INTRODUCTORY SECTION

Lincoln Park Public Schools

92 Ryerson Road • Lincoln Park, NJ 07035 • www.lincolnparkboe.org
(973) 696-5500 (Phone) • (973) 696-9273 (Fax)

James W. Grube
Superintendent of Schools

Juanita Petty
Interim Business Administrator/
Board Secretary

January 18, 2019

The Honorable President and
Members of the Board of Education
Lincoln Park Borough School District
County of Morris, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Lincoln Park Borough School District (the "District") for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Lincoln Park Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis, the basic financial statements and schedules, as well as the independent auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Lincoln Park Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Lincoln Park Borough School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-kindergarten through grade eight. These include regular, as well as special education for handicapped youngsters. The District completed the 2017-2018 fiscal year with an enrollment of 517 students at the LPES and 422 students at the LPMS. Lincoln Park high school-aged students attend Boonton High School on a tuition basis as well as the Morris County Academies. During the 2017-2018 school year 292 students attended Boonton High School and 50 students attended the Morris County Academies. At the end of June 2018, the K-8 enrollment was 939 students; 2 more students than the previous year.

2) ECONOMIC CONDITION AND OUTLOOK: The two communities of the Lincoln Park Borough School District continue to experience moderate growth.

Long Term Financial Planning: New Jersey law limits the increase in NJ districts' tax levies to 2% annually. In order to exceed the cap, a public vote is required. The Lincoln Park Board of Education is committed to limiting tax increases and continues to explore alternate funding sources.

3) MAJOR INITIATIVES:

Academic School Improvement:

Academic improvement continues to be the goal in all areas of the school population. During the past school year, specific performance objectives for the elementary and middle school students in the areas of math and language arts were put in place. Both schools will focus on using benchmark assessments to measure student's growth throughout the year. A new diagnostic software was purchased during the year to assist with reaching this objective. The 2017-18 school year was the first for year that the new science textbook series was implemented, which aligned with the new science standards. The district continues to review and update the curricula throughout the district, assuring alignment with the New Jersey Student Learning Standards. The 2015-16 school year saw the implementation of the math textbook series, which increased the rigor and better challenged the students. The PARCC results demonstrated this was achieved.

The District continues to emphasize the importance of current and up to date technology in the areas of hardware, software, and infrastructure throughout the district. The Lincoln Park School District currently has two computer labs, laptop carts, and iPad carts in the schools. This District is continuing a one to one iPad initiative with the fifth, sixth, seventh and eighth grade students all participating in the 1 to 1 iPad initiative. The elementary school has a 1:1 laptop initiative in third and fourth grade. Courses in computer literacy and problem solving using technology are offered to students and to professional staff. We are also providing interactive whiteboards and LCD projectors in the classrooms to enhance and enrich instruction. Computer hardware and software is continually assessed and updated as per the technology plan. The District upgraded its Professional Development and Mentoring Plans to assist the staff with classroom instruction throughout the district. All the attention that was focused on technology allowed the district schools to successfully implement the PARCC Assessments.

Ongoing school improvement initiatives included:

- The District strives to maintain class sizes at no more than 20 children in each primary grade (K-2) and 25 children in each grade 4-8. With the tight budgets and trying to be fiscally conservative, this initiative is not being met in all grades, but the District continues to strive to achieve this goal.
- Updating the entire curricula to align with the New Jersey Student Learning Standards. This initiative has been accomplished.
- Inclusion of special education children in the regular education program, while also concentrating on differentiating instruction to meet all students' needs is an ongoing focus.
- The continued emphasis on the safe school climate has been and will continue to be a major focus of the District. The District continues to upgrade the safety measures that are in place in both schools.
- Ongoing staff training in language arts literacy, math, science, and use of technology as an instructional tool in the classroom, which assists the staff in meeting the needs of all the students.
- The administration and teaching staff are working together on the implementation of the current evaluation system required by the Department of Education.
- Continued development of the District's inclusive preschool program and expanding the special education programs offered to our students in order to meet the needs of all the children in the community.

The Lincoln Park School District provides excellence in education while maintaining fiscal responsibility.

Professional Staff:

Lincoln Park's professional staff included one Superintendent of Schools, one School Business Administrator, one Director of Special Services, two Principals, a Director of Curriculum and Instruction, one Technology Coordinator, 85 certified staff members, 1 librarian, 2 guidance counselors, 2 school nurses, and 5 Child Study Team members.

Teachers regularly engage in professional development opportunities that include workshops/conferences, in-house workshops, articulation meetings; professional visitations; and pursuit toward advanced degrees in area universities and colleges and online. Teachers continued to serve as leaders in curriculum development throughout the District and across disciplines.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, special revenue fund and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2018.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees risk management for the District. A schedule of insurance coverage can be found on schedule J-20.

The District is a member of the New Jersey Schools Insurance Group (“NJSIG”). The NJSIG is a risk-sharing public entity risk pool that is both an insured and self administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the NJSIG is included in the “Notes to the Basic Financial Statements”, in Note 13.

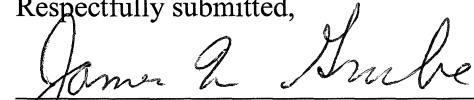
9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards; Audits of States, Local Governments and Non-Profit Organizations*, and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The independent auditors’ report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Lincoln Park Borough School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

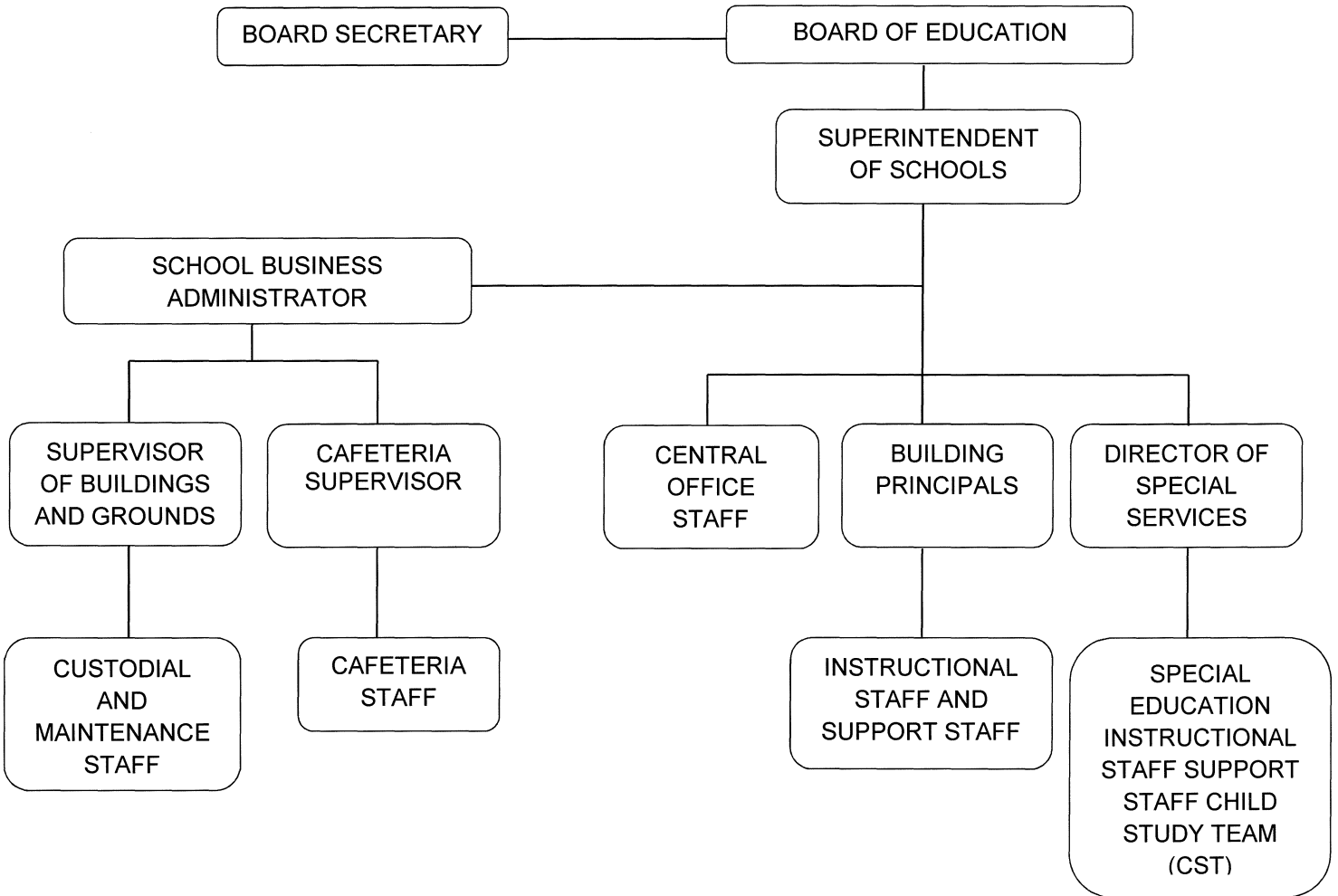


James W. Grube
Superintendent



Juanita A. Petty, RSBA, SFO
Interim Business Administrator/Board Secretary

ORGANIZATIONAL CHART



Adopted: 11 June 1996
Revised: 24 January 2006

LINCOLN PARK BOROUGH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2018

<u>Members of the Board of Education</u>	<u>Term</u>	<u>Term Expires</u>
Jack Gibbons-Board President	3 Years	2020
Frank Avena-Vice President	3 Years	2018
Todd Henches	3 Years	2018
Lou Nazzaro	3 Years	2020
Carol Nielsen	3 Years	2020
Robert Stager	3 Years	2019
Dina Valente-Stoel	3 Years	2019

Other Officers

James W. Grube, Superintendent

Adrian Pollio, School Business Administrator/Board Secretary (To July 31, 2017)

Juanita A. Petty, RSBA, SFO, Interim Business Administrator (From August 1 2017)

Gary Stranz, Treasurer of School Moneys

Nathanya Simon, Board Counsel

LINCOLN PARK BOROUGH SCHOOL DISTRICT
Consultants and Advisors

Attorney

Nathanya Simon, Esq.
Schwartz, Simon, Edelstein and Celso, LLC
100 South Jefferson Road
Suite 200
Whippany, New Jersey 07981

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, New Jersey 07856-1320

Official Depository

TD Banknorth
280 Passaic Avenue
Fairfield, New Jersey 07004

Valley National Bank
1455 Valley Road
Wayne, NJ 07470

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
County of Morris, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lincoln Park Board of Education School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and postemployment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
Page 3

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

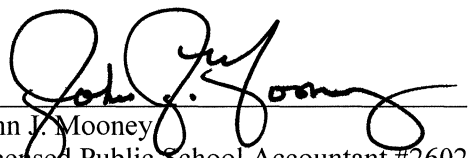
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

January 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP
NISIVOCCIA LLP


John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION – PART I
MANAGEMENT’S DISCUSSION AND ANALYSIS
(UNAUDITED)

Management's Discussion and Analysis Unaudited

This section of Lincoln Park Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.
- *Notes to the basic financial statements* provide additional information essential to a full understanding of district wide and fund financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Table 1 shows how the various parts of this annual report are arranged and relate to one another.

Table 1
Organization of Lincoln Park Borough's Financial Report

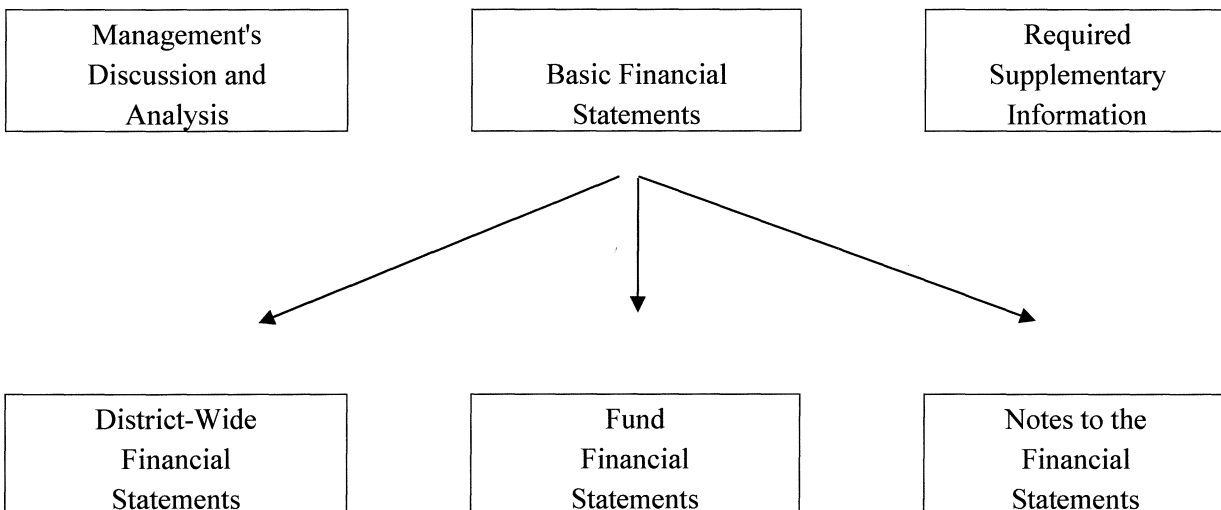


Table 2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents of each of the statements.

Table 2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District does not utilize internal service funds.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Notes to the basic financial statements:

The notes provide information essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a district’s financial position.

The District’s financial position is the product of financial transactions including the net results of activities, the acquisition and payment of long-term liabilities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 3
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	
Current and							
Other Assets	\$4,022,774	\$2,776,667	\$ 53,391	\$ 11,565	\$4,076,165	\$2,788,232	
Capital Assets, Net	6,109,351	5,302,581	40,401	35,263	6,149,752	5,337,844	
Total Assets	10,132,125	8,079,248	93,792	46,828	10,225,917	8,126,076	-20.53%
Deferred Outflows of Resources	1,354,505	1,299,138			1,354,505	1,299,138	-4.09%
Other Liabilities	1,355,961	237,934	29,024	11,565	1,384,985	249,499	
Long-term Liabilities	5,617,131	4,906,757			5,617,131	4,906,757	
Total Liabilities	6,973,092	5,144,691	29,024	11,565	7,002,116	5,156,256	-26.36%
Deferred Inflows of Resources	336,168	1,003,917			336,168	1,003,917	198.64%
Net Investment in Capital Assets	5,079,351	4,427,581	40,401	35,263	5,119,752	4,462,844	
Restricted	1,565,649	2,190,395			1,565,649	2,190,395	
Unrestricted/(Deficit)	(2,467,630)	(3,388,198)	24,367		(2,443,263)	(3,388,198)	
Total Net Position	\$4,177,370	\$3,229,778	\$ 64,768	\$ 35,263	\$4,242,138	\$3,265,041	-23.03%

Changes in Net Position. The District’s *combined* net position was \$3,265,041 on June 30, 2018, \$977,097 or 23.03% less than the year before. (Table 3). The depreciation factored into the net position of the District as a decrease is \$830,802.

The net position of the governmental activities decreased by \$947,592 which consisted of decreases in total revenue of the District and spending increases.

The net position of the business-type activities decreased \$29,505 (See Table 4). The decrease in the net position of the business-type activities is attributable to expenses exceeding revenues.

Table 4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	
Revenue:							
Program Revenue:							
Charges for Services	\$ 38,983	\$ 72,868	\$ 236,333	\$ 238,084	\$ 275,316	\$ 310,952	
Operating Grants and Contributions	6,958,830	7,382,971	110,041	117,101	7,068,871	7,500,072	
General Revenue:							
Property Taxes	18,184,360	18,547,649			18,184,360	18,547,649	
Unrestricted State and Federal Aid	62,639	341,751			62,639	341,751	
Other	1,033,807	541,602	100	628	1,033,907	542,230	
Total Revenue	<u>26,278,619</u>	<u>26,886,841</u>	<u>346,474</u>	<u>355,813</u>	<u>26,625,093</u>	<u>27,242,654</u>	2.32%
Expenses:							
Instruction	13,941,747	13,445,972			13,941,747	13,445,972	
Pupil and Instruction Services	7,564,650	9,145,657			7,564,650	9,145,657	
Administrative and Business	1,991,424	2,165,678			1,991,424	2,165,678	
Maintenance and Operations	1,697,758	1,897,849			1,697,758	1,897,849	
Transportation	1,084,694	1,134,783			1,084,694	1,134,783	
Other	47,442	44,494	334,665	385,318	382,107	429,812	
Total Expenses	<u>26,327,715</u>	<u>27,834,433</u>	<u>334,665</u>	<u>385,318</u>	<u>26,662,380</u>	<u>28,219,751</u>	5.84%
Additions to Capital Assets			25,817		25,817		-100.00%
Increase/(Decrease) in Net Position	<u>\$ (49,096)</u>	<u>\$ (947,592)</u>	<u>\$ 37,626</u>	<u>\$ (29,505)</u>	<u>\$ (11,470)</u>	<u>\$ (977,097)</u>	8418.72%

Governmental Activities

As noted above, the financial position of the District decreased by 23.03%. Maintaining existing instructional programs for a relatively stable student enrollment while providing a multitude of special education programs and services for disabled students placed great demands on District resources. Steps to reduce expenses that do not affect the quality of the educational program have generated some savings, but these have not been sufficient enough to offset rising costs of insurance premiums, special education program costs and utility expenses.

One contributing factor to the reduction in Total Revenue was the cessation of a tuition adjustment from its sending district. The District had received \$424,190 in a tuition adjustment during the 2014-2015 school year from the Boonton Town School District which was to be paid in two installments – \$212,095 in the 2015-2016 school year and \$212,095 in the 2016-2017 school year. Although these funds were used primarily for one-time purchases, the District did use some funds to provide for potentially continuing expenditures such as additional after school activities. The District opted to maintain these additional activities in the 2016-2017 school year without the additional financial support.

The District continues to monitor its expenditures carefully and assess for areas of savings and/or opportunities for shared services to reduce costs. Shared services continued in the 2017-2018 school year include:

- An agreement with the Borough of Lincoln Park to provide lawn mowing and snow removal services
- Participation in Cooperative Purchasing agreements
- Transportation through the Morris County Educational Services Commission
- Participation in the ACES consortium for the bulk purchase of natural gas and electric generation
- E-rate which provides for 40% discounts on all tMDA Telecommunication services and equipment
- Participation in the Morris County Educational Technology Training Center for professional development in technology

Table 5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Table 5
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2016/17	2017/18	2016/17	2017/18
Instruction	\$ 13,941,747	\$ 13,445,972	\$ 8,841,582	\$ 7,896,610
Pupil and Instruction Services	7,564,650	9,145,657	7,000,499	8,736,000
Administrative and Business	1,991,424	2,165,678	1,757,432	1,537,325
Maintenance and Operations	1,697,758	1,897,849	1,248,958	1,695,079
Transportation	1,084,694	1,134,783	433,989	469,086
Other	47,442	44,494	47,442	44,494
	<u>\$ 26,327,715</u>	<u>\$ 27,834,433</u>	<u>\$ 19,329,902</u>	<u>\$ 20,378,594</u>

Business-Type Activities

Net position from the District's business-type activity decreased by \$29,505 (refer to Table 4). Factors contributing to these results included food service expenses that exceeded revenues by \$29,505, which accounted for the decrease in unrestricted net position of the business-type activities. These expenses were primarily the result of additional allocation of salaries and wages to the Food Service Fund as compared to the prior year.

Financial Analysis of the District's Funds

The District's financial position did not change significantly over the past year. The District continues to provide and enhance educational programs for its students while trying to balance increased fixed costs. Although out of district special education placement costs continue to increase, initiatives to provide for additional services to maintain students in district continue to be an important priority for the District.

The District continued again to end the year with audited excess surplus, which the District must use to offset the tax levy in the 2019-2020 school district budget. The use of these funds helps to stabilize the tax levy and tax rate. However, if the District cannot sustain the levels of excess surplus in future years, it will place a burden on the District to build its budget without this additional revenue in order to stay within the State imposed 2% tax levy cap. Reductions in expenditures would be required and make it difficult for the District to maintain its current level of student programs and services.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times through transfers in line accounts. Some revisions in the budget were made to recognize revenues that were not anticipated, while others were made to prevent the over expenditure of funds in specific line item accounts.

Many transfers were made within salary and benefit line item accounts to properly align staff and costs to appropriate budget line accounts.

Other transfers were necessitated in out-of-district special education line accounts due to a reduction in federal funding, which is used to offset these costs, and increased costs of placing students out of district. Budgeting for these students is established using existing and known incoming students; however, the influx of students into the District over the course of the school year and/or students newly classified can place an additional burden on the District, requiring additional revisions to be made.

Table 6
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	
Land	\$ 719,980	\$ 719,980			\$ 719,980	\$ 719,980	
Construction in Progress	347,123				347,123		
Buildings and Building Improvements	4,320,813	3,927,565			4,320,813	3,927,565	
Furniture, Machinery and Equipment	721,435	655,036	\$40,401	\$35,263	761,836	690,299	
	<u>\$6,109,351</u>	<u>\$ 5,302,581</u>	<u>\$40,401</u>	<u>\$35,263</u>	<u>\$ 6,149,752</u>	<u>\$ 5,337,844</u>	-13.20%

The decrease in capital assets is due to current year depreciation of \$825,664 in the governmental activities, capital additions for the governmental activities of \$18,894 and depreciation in business type activities of \$5,138.

Long-term Liabilities

At year-end, the District had \$875,000 in general obligation bonds outstanding – a decrease of \$155,000 from last year – as shown in Table 7.

Table 7
Outstanding Liabilities

	Total School District		Total Percentage Change
	2016/17	2017/18	
General Obligation Bonds (Financed with Property Taxes)	\$ 1,030,000	\$ 875,000	
Net Pension Liability	4,283,585	3,699,871	
Other Long-Term Liabilities	303,546	331,886	
	<u>\$ 5,617,131</u>	<u>\$ 4,906,757</u>	-12.65%

The District's long-term liabilities decreased 12.65% or \$710,374 primarily due to the decrease in net pension liability and general obligation bonds. (More detailed information about the District's long-term liabilities is presented in Note 9 to the basic financial statements.)

Factors Bearing on the District's Future Revenue/Expense Changes

Overall, the Lincoln Park School District is currently in good financial condition. However, the District does continue to see reductions in State Aid which increases the District reliance on local property taxes to support the budget.

In the development of the 2018-2019 school budget, the District did exercise its ability to increase the 2% tax levy cap by using some banked cap from prior budget years. These funds were used primarily for one-time enhancements for security initiatives in the 2018-2019 budget but will permanently increase the tax levy which will help offset other increases in the future. Part of this increase, however, was reduced due to a State reduction in tax levy in July of approximately \$30,000. As the State indicates that it will begin to use the State Aid formula for future State aid calculations, it is unsure whether or not the District will maintain a level amount of State aid.

With no changes to the 2% tax levy cap, if coupled with a reduction in State Aid, will once again place a tremendous burden on the District to maintain its current level of educational services and supports to students. The District does still have some remaining banked cap it can utilize for the 2019-2020 school district budget; however, placing an increase burden on the taxpayers of the Borough is not an optimum solution.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Juanita A. Petty, Business Administrator/Board Secretary at the Lincoln Park Board of Education, 92 Ryerson Road, Lincoln Park, New Jersey 07035.

Please visit our website at www.lincolnparkboe.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,043,052	\$ 30,030	\$ 1,073,082
Receivables from Other Governments	262,543	7,240	269,783
Other Receivables	1,444		1,444
Internal Balances	31,378	(31,378)	
Interfund Receivable	1,838		1,838
Inventory		5,673	5,673
Restricted Cash and Cash Equivalents	1,436,412		1,436,412
Capital Assets:			
Sites (Land)	719,980		719,980
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	4,582,601	35,263	4,617,864
Total Assets	<u>8,079,248</u>	<u>46,828</u>	<u>8,126,076</u>
Deferred Outflows of Resources	<u>1,299,138</u>		<u>1,299,138</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	220,226	6,221	226,447
Payable to Federal Government	5,519		5,519
Unearned Revenue	7,404	5,344	12,748
Accrued Interest Payable	4,785		4,785
Noncurrent Liabilities:			
Due Within One Year	160,000		160,000
Due Beyond One Year	4,746,757		4,746,757
Total Liabilities	<u>5,144,691</u>	<u>11,565</u>	<u>5,156,256</u>
Deferred Inflows of Resources	<u>1,003,917</u>		<u>1,003,917</u>
NET POSITION			
Net Investment in Capital Assets	4,427,581	35,263	4,462,844
Restricted for:			
Capital Projects	990,672		990,672
Debt Service	25		25
Maintenance	445,740		445,740
Excess Surplus	753,958		753,958
Unrestricted/(Deficit)	<u>(3,388,198)</u>		<u>(3,388,198)</u>
Total Net Position	<u>\$ 3,229,778</u>	<u>\$ 35,263</u>	<u>\$ 3,265,041</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDING JUNE 30, 2018

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 9,344,543	\$ 72,868	\$ 3,142,731	\$ (6,128,944)	\$	\$ (6,128,944)
Special Education	3,221,994		2,059,306	(1,162,688)		(1,162,688)
Other Special Instruction	637,827		240,810	(397,017)		(397,017)
Other Instruction	241,608		33,647	(207,961)		(207,961)
Support services:						
Tuition	7,080,889			(7,080,889)		(7,080,889)
Student & Instruction Related Services	2,064,768		409,657	(1,655,111)		(1,655,111)
General Administrative Services	553,837		172,007	(381,830)		(381,830)
School Administrative Services	828,446		174,010	(654,436)		(654,436)
Plant Operations and Maintenance	1,897,849		202,770	(1,695,079)		(1,695,079)
Pupil Transportation	1,134,783		665,697	(469,086)		(469,086)
Central Services	783,395		282,336	(501,059)		(501,059)
Capital Outlay	3,671			(3,671)		(3,671)
Interest on Long-Term Debt	40,823			(40,823)		(40,823)
Total Governmental Activities	27,834,433	72,868	7,382,971	(20,378,594)		(20,378,594)

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDING JUNE 30, 2018

Functions/Programs	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 385,318	\$ 238,084	\$ 117,101		\$ (30,133)	\$ (30,133)
Total Business-Type Activities	385,318	238,084	117,101		(30,133)	(30,133)
Total Primary Government	\$ 28,219,751	\$ 310,952	\$ 7,500,072	\$ (20,378,594)	(30,133)	(20,408,727)
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				18,414,839		18,414,839
Taxes Levied for Debt Service				132,810		132,810
Unrestricted Federal and State Aid				341,751		341,751
Investment Earnings				48,108	628	48,736
Miscellaneous Income				493,494		493,494
Total General Revenue				19,431,002	628	19,431,630
Change in Net Position				(947,592)	(29,505)	(977,097)
Net Position - Beginning				4,177,370	64,768	4,242,138
Net Position - Ending				\$ 3,229,778	\$ 35,263	\$ 3,265,041

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,031,358		\$ 11,669	\$ 25	\$ 1,043,052
Receivables From State Government	157,102				157,102
Receivable From Federal Government		\$ 47,301			47,301
Other Receivable	58,140				58,140
Tuition Receivable	1,444				1,444
Interfund Receivable	45,059				45,059
Restricted Cash and Cash Equivalents	1,436,412				1,436,412
Total Assets	\$ 2,729,515	\$ 47,301	\$ 11,669	\$ 25	\$ 2,788,510
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 66,008	\$ 22,535			\$ 88,543
Payable to Federal Government		5,519			5,519
Interfund Payable		11,843			11,843
Unearned Revenue		7,404			7,404
Total Liabilities	66,008	47,301			113,309
Fund Balances:					
Restricted for:					
Capital Reserve Account	990,672				990,672
Maintenance Reserve Account	445,740				445,740
Capital Projects			\$ 11,669		11,669
Debt Service				\$ 25	25
Excess Surplus	395,432				395,432
Excess Surplus - For Subsequent Year's Expenditures	358,526				358,526
Assigned:					
Year-end Encumbrances	132,273				132,273
Unassigned	340,864				340,864
Total Fund Balances	2,663,507	11,669	25		2,675,201
Total Liabilities and Fund Balances	\$ 2,729,515	\$ 47,301	\$ 11,669	\$ 25	
Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are Different Because:					
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.					5,302,581
Interest expense on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.					(4,785)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.					(3,699,871)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:					
Change in Deferred Outflows					1,167,455
Change in Deferred Inflows					(1,003,917)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds					(1,206,886)
Net Position of Governmental Activities					\$ 3,229,778

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 18,414,839			\$ 132,810	\$ 18,547,649
Tuition	72,868				72,868
Rents and Royalties	259,144				259,144
Interest Earned	48,090		\$ 18		48,108
Unrestricted Miscellaneous Revenues	234,350	\$ 300			234,650
Total - Local Sources	<u>19,029,291</u>	<u>300</u>	<u>18</u>	<u>132,810</u>	<u>19,162,419</u>
State Sources	3,800,481			63,754	3,864,235
Federal Sources	3,667	421,332			424,999
Total Revenue	<u>22,833,439</u>	<u>421,632</u>	<u>18</u>	<u>196,564</u>	<u>23,451,653</u>
EXPENDITURES:					
Current:					
Regular Instruction	5,460,706	161,679			5,622,385
Special Education Instruction	1,815,766	259,953			2,075,719
Other Special Instruction	390,514				390,514
Other Instruction	172,164				172,164
Support Services and Undistributed Costs:					
Tuition	7,080,889				7,080,889
Student & Instruction Related Services	1,591,339				1,591,339
General Administrative Services	424,164				424,164
School Administrative Services	528,951				528,951

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs (Cont'd):					
Plant Operations and Maintenance	\$ 1,103,125				\$ 1,103,125
Pupil Transportation	1,123,653				1,123,653
Central Services	352,725				352,725
Administrative Information Technology	117,975				117,975
Unallocated Benefits	2,199,182				2,199,182
Debt Service:					
Principal				\$ 155,000	155,000
Interest and Other Charges				41,671	41,671
Capital Outlay	487,565		\$ 131,208		618,773
Total Expenditures	<u>22,848,718</u>	<u>\$ 421,632</u>	<u>\$ 131,208</u>	<u>196,671</u>	<u>23,598,229</u>
Excess of Revenue over Expenditures	<u>(15,279)</u>		<u>(131,190)</u>	<u>(107)</u>	<u>(146,576)</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In	18		25,000		25,018
Transfers Out	(25,000)		(18)		(25,018)
Total Other Financing Sources/(Uses)	<u>(24,982)</u>		<u>24,982</u>		
Net Change in Fund Balances	(40,261)		(106,208)	(107)	(146,576)
Fund Balance - July 1	2,703,768	-0-	117,877	132	2,821,777
Fund Balance - June 30	<u>\$ 2,663,507</u>	<u>\$ -0-</u>	<u>\$ 11,669</u>	<u>\$ 25</u>	<u>\$ 2,675,201</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	(146,576)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation in the period.		
Depreciation Expense	\$	(825,664)
Capital Outlay Additions		<u>18,894</u>
		(806,770)
Interest expense on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in the accrual is reflected on the Statement of Activities.		848
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(28,340)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		583,714
Deferred Outflows		(37,719)
Deferred Inflows		(667,749)
Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		<u>155,000</u>
Change in Net Position of Governmental Activities (A-2)	\$	<u><u>(947,592)</u></u>

THE ACCOMPANYING TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities - Enterprise Funds
	Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 30,030
Intergovernmental Accounts Receivable:	
Federal	6,952
State	288
Inventories	5,673
Total Current Assets	42,943
Non-Current Assets:	
Capital Assets	167,588
Less: Accumulated Depreciation	(132,325)
Total Non-Current Assets	35,263
Total Assets	78,206
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	6,221
Unearned Revenue - Donated Commodities	1,146
Unearned Revenue - Prepaid Sales	4,198
Interfund Payable - General Fund	31,378
Total Liabilities	42,943
<u>NET POSITION:</u>	
Investment in Capital Assets	35,263
Total Net Position	\$ 35,263

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	
School Lunch Program	\$ 177,719
Special Events	59,240
Daily Sales - Non-Reimbursable Programs	1,125
Total Operating Revenue	238,084
Operating Expenses:	
Cost of Sales - Reimbursable Programs	100,736
Cost of Sales - Nonreimbursable Programs	33,579
Salaries, Benefits & Payroll Taxes	205,534
Purchased Professional Services	6,783
Management Fee	18,245
Depreciation Expense	5,138
Supplies and Repairs	15,304
Total Operating Expenses	385,318
Operating Loss	(147,234)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	3,637
Federal Sources:	
National School Lunch Program	89,799
School Breakfast Program	3
Food Distribution Program	23,662
Local Sources:	
Interest Income	628
Total Non-Operating Revenue	117,729
Change in Net Position	(29,505)
Net Position - Beginning of Year	64,768
Net Position - End of Year	\$ 35,263

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 238,084
Payments to Food Service Vendor	(359,624)
Net Cash Used for Operating Activities	(121,540)
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	628
Net Cash Provided by Investing Activities	628
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	3,560
Federal Sources:	
School Breakfast Program	22
National School Lunch Program	88,473
Net Cash Provided by Noncapital Financing Activities	92,055
Net Decrease in Cash and Cash Equivalents	(28,857)
Cash and Cash Equivalents, July 1	58,887
Cash and Cash Equivalents, June 30	\$ 30,030
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (147,234)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	5,138
Federal Food Distribution Program	23,662
Changes in Assets and Liabilities:	
(Increase) in Inventory	(1,104)
Increase in Interfunds Payable	15,457
(Decrease) in Accounts Payable	(17,932)
Increase in Unearned Revenue - Donated Commodities	31
Increase in Unearned Revenue - Prepaid Sales	442
Net Cash Used for Operating Activities	\$ (121,540)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program valued at \$23,693 and utilized Commodities Valued at \$23,662.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Agency</u>	Trust	
		<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 71,640	\$ 25,274	\$ 13,363
Total Assets	<u>71,640</u>	<u>25,274</u>	<u>13,363</u>
<u>LIABILITIES:</u>			
Interfund Payable-General Fund	1,838		
Payroll Deductions and Withholdings	12,876		
Rental Deposit Payable	18,831		
Due to Student Groups	35,736		
Due Various Groups	2,359		
Total Liabilities	<u>71,640</u>	<u>-0-</u>	<u>-0-</u>
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		25,274	
Held in Trust for Flexible Spending Claims			13,363
Total Net Position	<u>\$ -0-</u>	<u>\$ 25,274</u>	<u>\$ 13,363</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Employee Contributions	\$ 23,673	\$ 35,500
Total Contributions	<u>23,673</u>	<u>35,500</u>
Investment Earnings:		
Interest	324	226
Net Investment Earnings	<u>324</u>	<u>226</u>
Total Additions	<u>23,997</u>	<u>35,726</u>
DEDUCTIONS:		
Unemployment Compensation Claims	29,736	
Flexible Spending Claims		37,232
Total Deductions	<u>29,736</u>	<u>37,232</u>
Change in Net Position	(5,739)	(1,506)
Net Position - Beginning of the Year	<u>31,013</u>	<u>14,869</u>
Net Position - End of the Year	<u>\$ 25,274</u>	<u>\$ 13,363</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Lincoln Park Borough School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition,

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report on the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria program. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, the Payroll Agency Fund, the Flexible Spending Trust Fund, and the Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service funds. The budget for the fiscal year ending June 30, 2018, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by the School Board. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

Sources/Inflows of Resources	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 22,833,439	\$ 399,435
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis Does Not.		22,197
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	155,177	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(155,177)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 22,833,439</u>	<u>\$ 421,632</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

Uses/Outflows of Resources:

Actual Amounts (Budgetary Basis) "Total Outflows" from the

Budgetary Comparison Schedule	\$ 22,848,718	\$ 399,435
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Differences - Budget to GAAP

Encumbrances for Supplies and Equipment Ordered but
Not Received are Reported in the Year the Order is Placed for
Budgetary Purposes, but in the Year the Supplies are Received
for Financial Reporting Purposes.

	22,197	
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Total Expenditures as Reported on the Statement of Revenues,

Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 22,848,718	\$ 421,632
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E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of one year or less.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions

Transfers between governmental and business-type activities on the district-wide statements are reported in the same manner as general revenue. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenue/expenses in the Enterprise Fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions (Cont'd)

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed, and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	Estimated Useful Life
Buildings and Building Improvements	30 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental funds upon acquisition. Capital assets are not capitalized and related depreciation is not reported on the fund financial statements.

L. Long-Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2018.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by (GASB). A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide *Statement of Net Position*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$2,663,507 General Fund fund balance at June 30, 2018, \$990,672 is restricted in the capital reserve account; \$445,740 is restricted for the maintenance reserve account; \$132,273 is assigned for year-end encumbrances; \$395,432 is restricted for current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020; \$358,526 is restricted for prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2019; and \$340,864 is unassigned which is \$155,177 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2019.

Capital Projects Fund: The Capital Projects Fund has a committed fund balance of \$11,669 at June 30, 2018.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2018 of \$25 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2018 as noted above. The total excess surplus at June 30, 2018 was \$753,958.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$155,177, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Net Position

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2018 for the deferred amount on the refunding and items related to pensions. The District has deferred inflows of resources related to pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

R. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned. Fund balance restrictions have been established for a capital reserve, a maintenance reserve, excess surplus and the debt service fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources at June 30, 2018 in the Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for encumbrances in the General Fund at June 30, 2018.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Deficit Net Position

The District has a \$3,388,198 deficit in its governmental activities Unrestricted Net Position at June 30, 2018 primarily as a result of the net pension liability, accrual of interest and compensated absences payable offset by the assigned and unassigned General Fund fund balance. The deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

T. Revenue - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified-accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest, and tuition.

U. Operating Revenue and Expenses

Operating revenue is those revenue that are generated directly from the primary activity of the enterprise fund. For the School District, these revenue are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

V. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions on which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
- (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
- (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
- (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

<u>Accounts</u>	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking and Savings Accounts	\$ 1,183,359	\$ 1,436,412	\$ 2,619,771
	<u>\$ 1,183,359</u>	<u>\$ 1,436,412</u>	<u>\$ 2,619,771</u>

During the period ended June 30, 2018, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$2,619,771 and the bank balance was \$2,999,541.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board resolution during the fiscal year ended June 30, 2001 of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g),

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance	\$ 1,006,190
Increased by:	
Interest Earned	9,482
	1,015,672
Decreased by:	
Withdrawal by Board Resolution	25,000
Ending Balance	\$ 990,672

The June 30, 2018 LRFP balance of local support costs of uncompleted capital projects at June 30, 2018 is equal to or greater than \$990,672. The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$150,000 was established by the Lincoln Park Board of Education on June 29, 2010. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance	\$ 441,450
Increased by:	
Interest Earned	4,290
Ending Balance	\$ 445,740

NOTE 6. TRANSFER TO CAPITAL OUTLAY:

During the year ended June 30, 2018, the District made transfers to capital outlay for equipment which did not require county superintendence approval.

NOTE 7. INTERFUND RECEIVABLES AND PAYABLES:

The following interfund balances remained on the fund financial statements at June 30, 2018:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 45,059	
Special Revenue Fund		\$ 11,843
Food Service Fund		31,378
Agency Fund		1,838
	\$ 45,059	\$ 45,059

There was \$1,838 due from the payroll agency fund which is also a part of a prior year interfund payable and interest earned due to the General Fund. The interfund between the Food Service Fund and the General Fund consists of federal and state lunch reimbursements collected in the General Fund and due to the Food Service Fund for prior years offset by amounts paid by the General Fund on behalf of the Food Service Fund in the current year. The interfund between the General Fund and the Special Revenue fund of \$11,843 is for grant funds expended but not yet received in Special Revenue Fund.

NOTE 8. CAPITAL ASSETS:

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$206,416
Other Instruction	123,849
Student and Instruction Related Services	8,256
School/General Administrative Services	66,054
Operations and Maintenance of Plant	412,832
Student Transportation	8,257
	\$825,664

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. CAPITAL ASSETS: (Cont'd)

Capital asset balances and activity for this fiscal year ended June 30, 2018 were as follows:

	Beginning Balance	Increases	Deletions	Construction in Progress	Ending Balance
Governmental Activities:					
Capital Assets not Being Depreciated:					
Sites (Land)	\$ 719,980				\$ 719,980
Construction in Progress	347,123			\$ (347,123)	
Total Capital Assets Not Being Depreciated	<u>1,067,103</u>			<u>(347,123)</u>	<u>719,980</u>
Capital Assets Being Depreciated:					
Buildings and Building Improvements	15,979,655			347,123	16,326,778
Machinery and Equipment	<u>2,827,867</u>	\$ 18,894	\$ (8,000)		<u>2,838,761</u>
Total Capital Assets Being Depreciated	<u>18,807,522</u>	<u>18,894</u>	<u>(8,000)</u>	<u>347,123</u>	<u>19,165,539</u>
Governmental Activities Capital Assets	<u>19,874,625</u>	<u>18,894</u>	<u>(8,000)</u>		<u>19,885,519</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(11,658,842)	(720,371)			(12,379,213)
Machinery and Equipment	<u>(2,106,432)</u>	<u>(105,293)</u>	8,000		<u>(2,203,725)</u>
	<u>(13,765,274)</u>	<u>(825,664)</u>	<u>8,000</u>		<u>(14,582,938)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 6,109,351</u>	<u>\$ (806,770)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 5,302,581</u>
Business Type Activities:					
Capital Assets Being Depreciated:					
Furniture and Equipment	\$ 167,588				\$ 167,588
Less Accumulated Depreciation	<u>(127,187)</u>	\$ (5,138)			<u>(132,325)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 40,401</u>	<u>\$ (5,138)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 35,263</u>

As of June 30, 2018, the District has completed all active construction projects.

NOTE 9. LONG-TERM LIABILITIES:

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2017	Accrued	Retired	Balance 6/30/2018	Amounts Due in a Year
Serial Bond Payable	\$ 1,030,000		\$ 155,000	\$ 875,000	\$ 160,000
Net Pension Liability	4,283,585		583,714	3,699,871	
Compensated Absences Payable	<u>303,546</u>	\$ 28,340		<u>331,886</u>	
	<u>\$ 5,617,131</u>	<u>\$ 28,340</u>	<u>\$ 738,714</u>	<u>\$ 4,906,757</u>	<u>\$ 160,000</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. LONG-TERM LIABILITIES: (Cont'd)

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the school district through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the debt service fund.

The District had serial bonds outstanding as of June 30, 2018 as follows:

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Renovations to Elementary and Middle Schools and New Construction to Middle School	10/1/2022	4.38%	<u>\$ 875,000</u>

Debt service requirements on serial bonds payable at June 30, 2018 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 160,000	\$ 34,781	\$ 194,781
2020	165,000	27,672	192,672
2021	175,000	20,234	195,234
2022	185,000	12,359	197,359
2023	190,000	4,157	194,157
	<u>\$ 875,000</u>	<u>\$ 99,203</u>	<u>\$ 974,203</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2018, there were no bonds authorized but not issued.

C. Compensated Absence Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. The current portion of the compensated absences balance of the governmental funds is \$-0-, and the long term portion is \$331,886. Compensated absences will be liquidated by the General Fund.

The liability for compensated absences of the proprietary fund types is recorded with these funds as benefits accrue to the employees. As of June 30, 2018, no liability existed for compensated absences in the Enterprise Fund.

D. Net Pension Liability

The Public Employee's Retirement System (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$-0- and the long term portion is \$3,699,871. See Note 10 for further information on the PERS.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS:

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$163,435 for 2018.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2018, the District's liability was \$3,699,871 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.0159%, which was an increase of 0.001% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized actual pension expense in the amount of \$270,634. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 41,970	
	2015	5.72	176,794	
	2016	5.57	526,632	
	2017	5.48	<u>745,396</u>	\$ 742,664
			<u>745,396</u>	<u>742,664</u>
Difference Between Expected and Actual Experience	2015	5.72	49,050	
	2016	5.57	15,982	
	2017	5.48	<u>22,087</u>	
			<u>87,119</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(44,335)	
	2015	5.00	37,821	
	2016	5.00	158,576	
	2017	5.00	<u>(126,868)</u>	
			<u>25,194</u>	
Changes in Proportion	2014	6.44		13,366
	2015	5.72	54,721	
	2016	5.57		247,887
	2017	5.48	<u>255,025</u>	
			<u>309,746</u>	<u>261,253</u>
District Contribution Subsequent to the Measurement Date	2017	1.00	<u>131,683</u>	
			<u>\$ 1,299,138</u>	<u>\$ 1,003,917</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ 87,099
2019	131,433
2020	79,642
2021	(105,924)
2022	<u>(77,205)</u>
	<u>\$ 115,045</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS:(Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
(Cont'd)

	June 30, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 4,589,941	\$ 3,699,871	\$ 2,958,332

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and to Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018 the State's pension contribution was less than the actuarial determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2018, the State of New Jersey contributed \$663,884 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,761,437.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the State's proportionate share of the net pension liability associated with the District was \$36,861,989. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.059%, which was an increase of 0.001% from its proportion measured as of June 30, 2016.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>39,861,989</u>
Total	<u>\$ 39,861,989</u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$2,761,437 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	<u>Year of</u> <u>Deferral</u>	<u>Amortization</u> <u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	2014	8.5	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3		\$ 11,684,858,458
			<u>13,378,255,364</u>	<u>11,684,858,458</u>
Difference Between Expected and Actual Experience	2014	8.5		13,181,413
	2015	8.3	233,218,057	
	2016	8.3		102,199,790
	2017	8.3	207,898,332	
			<u>441,116,389</u>	<u>115,381,203</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(435,309,142)	
	2015	5	385,284,122	
	2016	5	1,295,565,574	
	2017	5	(904,033,050)	
			<u>341,507,504</u>	
		<u>\$ 14,160,879,257</u>	<u>\$ 11,800,239,661</u>	

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Fiscal Year Ending June 30,	Total
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	(1,714,363,628)
	\$ 2,360,639,596

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

	June 30, 2017		
	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 47,357,293	\$ 39,861,989	\$ 33,687,325

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$3,032 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$11,072 for the fiscal year ended June 30, 2018.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are:

- | | |
|---|-------------------------------------|
| Equitable Life Insurance Company | Metropolitan Life Insurance Company |
| Lincoln Investments | Copeland Companies |
| Lincoln National Life Insurance Company | Securities First Group |

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

Property and Liability

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of District contributions, employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>Interest</u>	<u>Employee Contributions</u>	<u>District Contribution</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$ 324	\$ 23,673		\$ 29,736	\$ 25,274
2016-2017	101	23,203	\$ 10,318	25,892	31,013
2015-2016	33	23,313		18,493	23,283

Property and Liability

The District is a member of the New Jersey Schools Insurance Group (the “NJSIG”). This public entity risk management pool provides general liability, property and automobile coverage and workers’ compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The NJSIG is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the NJSIG are elected.

As a member of the NJSIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the NJSIG were to be exhausted, members would become responsible for their respective shares of the Fund’s liabilities. The NJSIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

The June 30, 2018 audit was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2017 is as follows.

Total Assets	\$ 328,772,862
Net Position	\$ 78,662,630
Total Revenue	\$ 131,811,793
Total Expenses	\$ 121,371,527
Change in Net Position	\$ 10,440,266
Member Dividends	\$ -0-

Financial statements for the NJSIG are available at the Group's Executive Director's Office:

New Jersey Schools Insurance Group
6000 Midlantic Drive Suite 300 North
Mount Laurel, NJ 08054
(609) 386-6060

NOTE 13. CONTINGENT LIABILITIES:

Grant Programs

The School District participates in state and federal assisted grant programs. These programs are subject to compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2018, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 132,273	\$ 6,084	\$ 138,357

On the District's Governmental Funds Balance sheet as of June 30, 2018 \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$6,084 less than on a budgetary basis. On the GAAP basis, encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grant receivables or an increase in unearned revenue.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 14. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

NOTE 15. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 16. ACCOUNTS PAYABLE

Payables as of June 30, 2018, were:

	<u>Governmental Funds</u>		<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>	<u>Business - Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>			<u>Proprietary Funds</u>
Vendors	\$ 66,008	\$ 22,535		\$ 88,543	\$ 6,221
State			\$ 131,683	131,683	
	<u>\$ 66,008</u>	<u>\$ 22,535</u>	<u>\$ 131,683</u>	<u>\$ 220,226</u>	<u>\$ 6,221</u>

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	223,747
Total	366,078

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Changes in the State's Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2016	\$ 57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$ 53,639,841,858

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
Total OPEB Liability Attributable to the District	\$ 43,069,238	\$ 35,950,513	\$ 30,346,806
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
Total OPEB Liability Attributable to the District	\$ 43,069,238	\$ 35,950,513	\$ 30,346,806

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 27,321,847	\$ 33,221,956	\$ 41,057,231
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 29,498,397	\$ 35,950,513	\$ 44,576,377

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$1,338,754 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	\$ 1,190,373,242	\$ (6,343,769,032)

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

**REQUIRED SUPPLEMENTARY
INFORMATION SCHEDULES**

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0158127037%	0.0164103502%	0.0144631997%
District's proportionate share of the net pension liability	\$ 2,960,533	\$ 3,683,795	\$ 4,283,585
District's covered employee payroll	\$ 1,119,346	\$ 1,020,600	\$ 1,018,783
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	264.49%	360.94%	420.46%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%
			48.10%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 149,712	\$ 170,007	\$ 129,080
Contributions in relation to the contractually required contribution	(149,712)	(170,007)	(129,080)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 1,096,959	\$ 1,119,346	\$ 1,020,600
Contributions as a percentage of covered employee payroll	13.65%	15.19%	12.65%
			14.45%
			\$ 147,241
			(147,241)

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.0566971351%	0.0589242385%	0.0583125521%
State's proportionate share of the net pension liability attributable to the District	\$ 30,302,773	\$ 37,242,635	\$ 45,872,366
District's covered employee payroll	\$ 5,913,277	\$ 6,040,917	\$ 6,338,409
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	512.45%	616.51%	723.72%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.23%
			25.41%
			618.22%
			39,861,989
			6,447,870

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 1,630,574	\$ 2,273,998	\$ 3,446,670
Contributions in relation to the contractually required contribution	<u>(318,566)</u>	<u>(466,873)</u>	<u>(641,751)</u>
Contribution deficiency/(excess)	<u>\$ 1,312,008</u>	<u>\$ 1,807,125</u>	<u>\$ 2,804,919</u>
District's covered employee payroll	\$ 5,913,277	\$ 6,040,917	\$ 6,338,409
Contributions as a percentage of covered employee payroll	5.39%	7.73%	10.12%
			14.28%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Years Ending	
	June 30, 2016	June 30, 2017
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	(1,223,298,019)	(1,242,412,566)
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	46,849,651,824	57,831,784,184
Total OPEB Liability - Ending	<u>\$ 57,831,784,184</u>	<u>\$ 53,639,841,858</u>
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

* - Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 2.50% as of June 30, 2016 to 2.25% as of June 30, 2017.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

BUDGETARY COMPARISON SCHEDULES

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 18,414,839		\$ 18,414,839	\$ 18,414,839	
Tuition From Individuals	42,073		42,073	59,827	\$ 17,754
Rents and Royalties	310,500		310,500	259,144	(51,356)
Interest on Investments	20,000		20,000	34,318	14,318
Interest Earned on Maintenance Reserve Funds	1,200		1,200	4,290	3,090
Interest Earned on Capital Reserve Funds	1,500		1,500	9,482	7,982
Tuition From Other LEAs Outside	1,540		1,540	13,041	13,041
Unrestricted Miscellaneous Revenues				234,350	232,810
Total - Local Sources	18,791,652		18,791,652	19,029,291	237,639
State Sources:					
Transportation Aid	635,819		635,819	635,819	
Special Education Aid	717,072		717,072	717,072	
Security Aid	106,676		106,676	106,676	
Adjustment Aid	134,141		134,141	134,141	
PARCC Readiness Aid	12,400		12,400	12,400	
Per Pupil Growth Aid	12,400		12,400	12,400	
Professional Learning Community Aid	12,350		12,350	12,350	
Extraordinary Aid	35,000		35,000	86,836	51,836
Nonpublic Transportation Aid				27,446	27,446
Homeless Tuition Reimbursement				19,594	19,594
TPAF Pension Contributions (non-budgeted)				920,627	920,627
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				609,043	609,043
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				22,341	22,341
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				1,702	1,702
TPAF Social Security Contributions (Reimbursed - Non-Budgeted)				482,034	482,034
Total State Sources	1,665,858		1,665,858	3,800,481	2,134,623
Federal Sources:					
Medicaid Reimbursement				3,667	3,667
				3,667	3,667
TOTAL REVENUES	20,457,510		20,457,510	22,833,439	2,375,929

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 119,590	\$ 13,381	\$ 132,971	\$ 128,170	\$ 4,801
Kindergarten - Salaries of Teachers	346,262	24,102	370,364	369,530	834
Grades 1-5 - Salaries of Teachers	2,055,751	16,119	2,071,870	2,065,366	6,504
Grades 6-8 - Salaries of Teachers	1,621,611	(63,234)	1,558,377	1,557,877	500
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000	5,102	15,102	9,684	5,418
Purchased Professional Educational Services		20,593	20,593	13,087	7,506
Regular Program - Undistributed Instruction:					
Purchased Professional Educational Services	10,950	13,469	24,419	24,364	55
Purchased Technical Services	74,800	(6,061)	68,739	66,945	1,794
Other Purchased Services (400-500 series)	45,209	3,968	49,177	46,884	2,293
General Supplies	232,754	12,610	245,364	177,010	68,354
Textbooks	52,784		52,784	52,576	208
Total Regular Programs - Instruction	4,569,711	40,049	4,609,760	4,511,493	98,267
Special Education - Instruction:					
Learning and or Language Disabilities:					
Salaries of Teachers	215,032	2,673	217,705	217,705	
Other Salaries for Instruction	87,128	(10,572)	76,556	76,459	97
General Supplies	4,437	(507)	3,930	3,786	144
Total Learning and or Language Disabilities	306,597	(8,406)	298,191	297,950	241
Behavioral Disabilities:					
Salaries of Teachers	61,553	(1,143)	60,410	60,410	
Total Behavioral Disabilities	61,553	(1,143)	60,410	60,410	

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 699,805	\$ (18,991)	\$ 680,814	\$ 680,564	\$ 250
Other Salaries for Instruction	147,665	(52,536)	95,129	94,810	319
General Supplies	6,841		6,841	6,814	27
Total Resource Room/Resource Center	854,311	(71,527)	782,784	782,188	596
Autism:					
Salaries of Teachers	117,441	(61,706)	55,735	55,696	39
Other Salaries for Instruction	53,073	(20,904)	32,169	31,723	446
General Supplies	3,219	(2,000)	1,219	839	380
Total Autism	173,733	(84,610)	89,123	88,258	865
Preschool Disabilities - Full-time:					
Salaries of Teachers	132,218	25,399	157,617	156,547	1,070
Other Salaries for Instruction	81,899	(65,426)	16,473	16,382	91
General Supplies	1,152		1,152	986	166
Total Preschool Disabilities - Full-time	215,269	(40,027)	175,242	173,915	1,327
Total Special Education Instruction	1,611,463	(205,713)	1,405,750	1,402,721	3,029
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	244,789	29,731	274,520	266,234	8,286
General Supplies		2,698	2,698	2,547	151
Total Basic Skills/Remedial - Instruction	244,789	32,429	277,218	268,781	8,437

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 62,918	\$ (433)	\$ 62,485	\$ 62,485	
Other Salaries for Instruction	7,579		7,579	7,579	
General Supplies	3,236	(2,969)	267	243	\$ 24
Total Bilingual Education - Instruction	66,154	4,177	70,331	70,307	24
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	39,521	8,990	48,511	48,511	
Total School-Sponsored Cocurricular Activities - Instruction	39,521	8,990	48,511	48,511	
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	28,700	20,926	49,626	35,764	13,862
Supplies and Materials	1,419	236	1,655	1,655	
Other Objects		6,500	6,500	6,220	280
Total School-Sponsored Cocurricular Athletics - Instruction	30,119	27,662	57,781	43,639	14,142
Other Instructional Program - Instruction:					
Salaries		5,000	5,000	5,000	
Total Other Instructional Program - Instruction		5,000	5,000	5,000	
Total Instruction	6,561,757	(87,406)	6,474,351	6,350,452	123,899
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	5,957,071	93,042	6,050,113	6,050,113	
Tuition to Other LEAs Within the State - Special	1,074,792	(472,995)	601,797	501,821	99,976
Tuition to County Special Services Schools and Regional Day School		107,485	107,485	107,485	
Tuition to Private Schools for the Handicapped - Within State	111,269	326,046	437,315	421,470	15,845
Total Undistributed Expenditures - Instruction	7,143,132	53,578	7,196,710	7,080,889	115,821

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Attendance & Social Work:					
Other Purchased Services	\$	2,000	\$	2,000	\$
Total Attendance & Social Work		2,000	2,000	2,000	
Health Services:					
Salaries	\$	(11,438)	147,959	147,959	\$
Purchased Professional/Technical Services	100		100		100
Other Purchased Services (400-500 Series)	608		608	308	300
Supplies and Materials	3,085		3,085	2,174	911
Total Health Services	163,190	(11,438)	151,752	150,441	1,311
Speech, OT, PT and Related Services:					
Salaries	165,660	(27,276)	138,384	137,751	633
Purchased Professional-Educational Services	13,700		13,700	13,683	17
Supplies and Materials	2,537	(1,000)	1,537	968	569
Total Speech, OT, PT and Related Services	168,197	(14,576)	153,621	152,402	1,219
Other Support Services:					
Salaries		159,328	159,328	158,105	1,223
Other Purchased Services		39,335	39,335	39,335	
Total Other Support Services		198,663	198,663	197,440	1,223
Guidance:					
Salaries of Other Professional Staff	126,712	42,655	169,367	122,538	46,829
Purchased Professional - Educational Services	150		150		150
Other Purchased Services (400-500 Series)	150		150		150
Supplies and Materials	692		692	250	442
Total Guidance	127,704	42,655	170,359	122,788	47,571

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Child Study Team:					
Salaries of Other Professional Staff	\$ 447,325	\$ (14,442)	\$ 432,883	\$ 432,883	
Salaries of Secretarial and Clerical Assistants	49,284	(120)	49,164	49,164	
Purchased Professional/Educational Services	266,421	(153,103)	113,318	112,778	\$ 540
Purchased Technical Services	27,450	(14,800)	12,650	12,596	54
Other Purchased Services (400-500 Series)	2,068	3,996	6,064	3,701	2,363
Supplies and Materials	10,040	(1,976)	8,064	8,043	21
Other Objects	2,625	65	2,690	2,290	400
Total Child Study Team	805,213	(180,380)	624,833	621,455	3,378
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	91,758	10,984	102,742	100,000	2,742
Total Improvement of Instructional Services	91,758	10,984	102,742	100,000	2,742
Educational Media Services/School Library:					
Salaries	78,303	13,600	91,903	77,115	14,788
Purchased Professional and Technical Services	1,625	1,075	2,700	2,265	435
Supplies and Materials	13,107	(1,000)	12,107	8,046	4,061
Total Educational Media Services/School Library	93,035	13,675	106,710	87,426	19,284

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Instructional Staff Training Services:					
Purchased Professional/Educational Services	\$ 6,000	\$ (2,065)	\$ 3,935	\$ 1,150	\$ 2,785
Purchased Technical Services		65	65	65	
Total Instructional Staff Training Services	6,000	(2,000)	4,000	1,215	2,785
Support Services - General Administration:					
Salaries	234,534	5,678	240,212	240,212	
Legal Services	15,300	19,640	34,940	34,565	375
Audit Fees	27,000	310	27,310	27,000	310
Purchased Technical Services	7,000	2,620	9,620	9,405	215
Communications/Telephone	9,600	2,117	11,717	10,567	1,150
BOE Other Purchased Services	4,183	802	4,985	4,764	221
Miscellaneous Purchased Services		30,328	30,328	30,328	
General Supplies	1,000	61	1,061	1,061	
BOE In-House Training/Meeting Supplies	540	62	602	545	57
Miscellaneous Expenditures	8,000	(4,240)	3,760	3,319	441
BOE membership Dues and Fees	13,000	(2,617)	10,383	9,869	514
Total Support Services - General Administration	320,157	54,761	374,918	371,635	3,283

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Administrative Information Technology:					
Salaries	\$ 80,061	\$ 2,359	\$ 82,420	\$ 81,219	\$ 1,201
Purchased Technical Services	5,000	1,123	6,123	3,987	2,136
Other Purchased Services (400-500 series)	16,337	(1,123)	15,214	8,785	6,429
Supplies and Materials	12,700		12,700	5,208	7,492
Purchased Professional Services	15,912	(8,500)	7,412	7,320	92
Total Administrative Information Technology	130,010	(6,141)	123,869	106,519	17,350
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	331,635	1,039	332,674	330,830	1,844
Salaries of Secretarial and Clerical Assistants	113,795	(8,058)	105,737	104,998	739
Purchased Professional and Technical Services	1,000		1,000	120	880
Other Purchased Services (400-500 Series)	12,000	(1,030)	10,970	2,915	8,055
Supplies and Materials	4,500		4,500	2,398	2,102
Other Objects	5,375		5,375	3,539	1,836
Total Support Services - School Administration	468,305	(8,049)	460,256	444,800	15,456
Required Maintenance of School Facilities:					
Salaries	90,114	(1,244)	88,870	88,870	
Cleaning, Repair and Maintenance Services	39,500	22,120	61,620	45,581	16,039
General Supplies	2,000	20,415	22,415	6,342	16,073
Other Objects		454	454	444	10
Total Required Maintenance of School Facilities	131,614	41,745	173,359	141,237	32,122

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 416,763	\$ 2,612	\$ 419,375	\$ 418,900	\$ 475
Purchased Professional and Technical Services	28,700	(2,492)	26,208	17,777	8,431
Cleaning, Repair and Maintenance Services	2,300		2,300	510	1,790
Other Purchased Property Services	13,326	3,000	16,326	14,522	1,804
Insurance	111,372	(30,000)	81,372	81,331	41
Supplies and Materials	43,401	(12,773)	30,628	21,168	9,460
Energy (Electricity)	127,000	(9,727)	117,273	94,769	22,504
Energy (Natural Gas)	132,600	55,500	188,100	106,906	81,194
Other Objects	7,925	(2,000)	5,925	5,842	83
Total Custodial Services	883,387	4,120	887,507	761,725	125,782
Student Transportation Services:					
Salaries of Non- Instructional Aides	5,600	400	6,000	5,926	74
Contracted Services:					
Aid in Lieu - Non Public Students	144,243	(41,000)	103,243	101,052	2,191
(Between Home and School) - Vendors	811,035	(59,177)	751,858	751,858	
(Other than Between Home and School) Vendors	19,000	(3,827)	15,173	14,588	585
Special Education Students - Vendors	198,195	51,474	249,669	249,669	
Total Student Transportation Services	1,178,073	(52,130)	1,125,943	1,123,093	2,850

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Central Services:					
Salaries	\$ 308,837	\$ (28,726)	\$ 280,111	\$ 280,111	\$ 251
Purchased Technical Services	8,000	(3,350)	4,650	4,399	4,249
Miscellaneous Purchased Services (400-500 Series)	16,586	4,892	21,478	17,229	594
Supplies and Materials	5,000	(900)	4,100	3,506	1,047
Other Objects	5,650	(4,000)	1,650	603	6,141
Total Central Services	344,073	(32,084)	311,989	305,848	398,318
Total Undistributed Expenditures	12,053,848	114,929	12,169,231	11,770,913	
Regular Instruction - Allocated Benefits:					
Social Security	9,500	10,133	19,633	19,541	92
Unemployment Compensation	27,851	(27,000)	851	851	851
Workers Compensation	48,286	(17,500)	30,786	30,317	469
Tuition Reimbursement	21,000		21,000	21,000	
Health Benefits	1,002,999	(47,575)	955,424	878,355	77,069
Total Regular Programs - Allocated Benefits	1,109,636	(81,942)	1,027,694	949,213	78,481
Special Education - Instruction - Allocated Benefits:					
Social Security	22,145	8,148	30,293	28,872	1,421
Workers Compensation	29,814	(10,900)	18,914	18,719	195
Health Benefits	274,545	90,968	365,513	365,454	59
Total Special Education - Allocated Benefits	326,504	88,216	414,720	413,045	1,675

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Other Instructional Program - Instruction - Allocated Benefits:					
Social Security	\$ 3,579	\$ 3,251	\$ 6,830	\$ 6,830	\$ 165
Workers Compensation	1,331	(331)	1,000	835	165
Total Other Instructional Program - Allocated Benefits	4,910	2,920	7,830	7,665	165
Health Services - Allocated Benefits:					
Social Security	7,000	(1,281)	5,719	887	4,832
Workers Compensation	1,873	(500)	1,373	1,176	197
Health Benefits	33,827	14,834	48,661	41,698	6,963
Total Health Benefits - Allocated Benefits	42,700	13,053	55,753	43,761	11,992
Speech, OT, PT and Related Services - Allocated Benefits:					
Social Security	168	856	1,024	1,024	
Workers Compensation	2,148	(750)	1,398	1,348	50
Health Benefits	29,266	(4,706)	24,560	22,768	1,792
Total Speech, OT, PT and Related Services - Allocated Benefits	31,582	(4,600)	26,982	25,140	1,842
Other Support Services - Allocated Benefits:					
Social Security		12,095	12,095	12,095	
Total Other Support Services - Allocated Benefits		12,095	12,095	12,095	
Guidance - Allocated Benefits:					
Social Security		615	615	411	204
Workers Compensation	2,129	(750)	1,379	1,337	42
Health Benefits	32,225	9,520	41,745	41,745	
Total Guidance - Allocated Benefits	34,354	9,385	43,739	43,493	246

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Child Study Team - Allocated Benefits:					
Social Security	\$ 4,780	\$ 635	\$ 5,415	\$ 5,415	
Workers Compensation	6,971	(2,500)	4,471	4,377	\$ 94
Health Benefits	142,116	(32,971)	109,145	109,145	
Total Child Study Team - Allocated Benefits	153,867	(34,836)	119,031	118,937	94
Improvement of Instructional Services - Allocated Benefits:					
Social Security	3,683	(2,100)	1,583	383	1,200
Health Benefits	23,488	(10,000)	13,488	4,791	8,697
Total Improvement of Instructional Services - Allocated Benefits	27,171	(12,100)	15,071	5,174	9,897
Educational Media Services/School Library- Allocated Benefits:					
Social Security	3,085	(1,826)	1,259	1,259	
Health Benefits	26,345	16,966	43,311	23,576	19,735
Total Educational Media School/Library - Allocated Benefits	29,430	15,140	44,570	24,835	19,735
Instructional Staff Training - Allocated Benefits:					
Workers Compensation		1,512	1,512	1,512	
Total Instructional Staff Training - Allocated Benefits		1,512	1,512	1,512	
Administrative Information Technology - Allocated Benefits:					
Social Security	5,927	738	6,665	6,665	
Health Benefits	5,924	(1,133)	4,791	4,791	
Total Administrative Information Technology - Allocated Benefits	11,851	(395)	11,456	11,456	
Support Services - General Administration - Allocated Benefits:					
Social Security	10,924	(5,500)	5,424	4,667	757
Workers Compensation	2,408	(2,408)			
Health Benefits	50,431	10,929	61,360	47,862	13,498
Total Support Services - General Administration - Allocated Benefits	63,763	3,021	66,784	52,529	14,255

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration - Allocated Benefits:					
Social Security	\$ 8,407	\$ (148)	\$ 8,259	\$ 8,259	\$ 28,235
Health Benefits	103,441	686	104,127	75,892	28,235
Total Support Services-School Administration-Allocated Benefits	111,848	538	112,386	84,151	28,235
Required Maintenance of School Facilities - Allocated Benefits:					
Social Security	6,307	30,179	36,486	36,486	
Workers Compensation	6,037	2,034	8,071	8,018	53
Health Benefits	24,413	133,043	157,456	153,159	4,297
Other Employee Benefits		2,798	2,798	2,500	298
Total Required Maintenance of School Facilities - Allocated Benefits	36,757	168,054	204,811	200,163	4,648
Custodial Services:					
Social Security	33,693	(33,693)			
Workers Compensation	6,734	(6,734)			
Health Benefits	166,566	(166,566)			
Total Custodial Services	206,993	(206,993)			
Student Transportation Services - Allocated Benefits:					
Social Security	227	226	453	453	
Workers Compensation	170		170	107	63
Total Student Transportation Services - Allocated Benefits	397	226	623	560	63

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Central Services - Allocated Benefits:					
Social Security	\$ 17,000	\$ 3,647	\$ 20,647	\$ 20,647	
Workers Compensation	3,184	(1,100)	2,084	1,999	\$ 85
Health Benefits	54,867	1,404	56,271	24,231	32,040
Total Central Services - Allocated Benefits	75,051	3,951	79,002	46,877	32,125
Total Allocated Benefits	2,266,814	(22,755)	2,244,059	2,040,606	203,453
Unallocated Benefits:					
Other Retirement Contributions- PERS	181,888	(18,453)	163,435	163,435	
Other Employee Benefits	10,400	(10,400)			
Total Unallocated Benefits	192,288	(28,853)	163,435	163,435	
On-Behalf Contributions:					
TPAF Pension Contributions (non-budgeted)				920,627	(920,627)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				609,043	(609,043)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				22,341	(22,341)
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				1,702	(1,702)
TPAF Social Security Contributions (Reimbursed - Non-Budgeted)				482,034	(482,034)
Total On-Behalf Contributions				2,035,747	(2,035,747)
Total Personal Services - Employee Benefits	2,459,102	(51,608)	2,407,494	4,239,788	(1,832,294)
Total Undistributed Expenditures	14,512,950	63,321	14,576,725	16,010,701	(1,433,976)
TOTAL CURRENT EXPENSE	21,074,707	(24,085)	21,051,076	22,361,153	(1,310,077)

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 1-5		\$ 6,088	\$ 6,088	\$ 6,088	
Grades 6-8		12,806	12,806	12,806	
Undistributed Expenditures:					
Required Maintenance for School Facilities		4,000	4,000		\$ 4,000
Total Equipment		22,894	22,894	18,894	4,000
Facilities Acquisition and Construction Services:					
Construction Services	\$ 465,000		465,000	465,000	
Assessment for Debt Service- SDA Funding	3,671		3,671	3,671	
Total Facilities Acquisition and Construction Services	468,671		468,671	468,671	
TOTAL CAPITAL OUTLAY	468,671	22,894	491,565	487,565	4,000
TOTAL EXPENDITURES	21,543,378	(737)	21,542,641	22,848,718	(1,306,077)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,085,868)	737	(1,085,131)	(15,279)	1,069,852
Other Financing Sources/(Uses):					
Interest Earned in Capital Projects Fund				18	18
Transfer To Capital Projects Fund - Capital Reserve				(25,000)	(25,000)
Total Other Financing Sources/(Uses)				(24,982)	(24,982)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,085,868)	737	(1,085,131)	(40,261)	1,044,870
Fund Balance, July 1	2,858,945		2,858,945	2,858,945	
Fund Balance, June 30	\$ 1,773,077	\$ 737	\$ 1,773,814	\$ 2,818,684	\$ 1,044,870
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 990,672	
Maintenance Reserve				445,740	
Excess Surplus - For Subsequent Year's Expenditures				358,526	
Excess Surplus				395,432	
Assigned:					
Year-end Encumbrances				132,273	
Unassigned				496,041	
				2,818,684	
Reconciliation to Governmental Funds Statement (GAAP):				(155,177)	
Final Two State Aid Payments not Recognized on GAAP Basis				\$ 2,663,507	
Fund Balance per Governmental Funds (GAAP)					

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 4,100	\$ 4,100	\$ 4,100	
Federal Sources	\$ 246,114	149,221	395,335	395,335	
Total Revenues	246,114	153,321	399,435	399,435	
EXPENDITURES:					
Instruction					
Salaries of Teachers	37,630	25,545	63,175	63,175	
Tuition	200,000	16,533	216,533	216,533	
General Supplies		27,784	27,784	27,784	
Total Instruction	237,630	69,862	307,492	307,492	
Support Services					
Salaries of Other Professional Staff		11,121	11,121	11,121	
Personal Service - Employee Benefits		19,349	19,349	19,349	
Purchased Professional/Educational Services	8,484	44,186	52,670	52,670	
Other Purchased Services		5,003	5,003	5,003	
Supplies and Materials		3,800	3,800	3,800	
Total Support Services	8,484	83,459	91,943	91,943	
Total Expenditures	\$ 246,114	\$ 153,321	\$ 399,435	\$ 399,435	\$ -0-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 22,833,439	\$ 399,435
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis Does Not.		22,197
Prior Year State Aid Payments Recognized for GAAP Statements, Not Recognized for Budgetary Statements	155,177	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(155,177)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 22,833,439</u>	<u>\$ 421,632</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 22,848,718	\$ 399,435
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		<u>22,197</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 22,848,718</u>	<u>\$ 421,632</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets for the fiscal year ending June 30, 2018, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Elementary and Secondary Education Act				
	Title I	Title II	Title III	Title III - Immigrant	Title IV
REVENUE:					
Local Sources					
Federal Sources	\$ 96,061	\$ 21,458	\$ 14,095	\$ 1,289	\$ 10,000
Total Revenue	<u>96,061</u>	<u>21,458</u>	<u>14,095</u>	<u>1,289</u>	<u>10,000</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	61,426		1,749		
Tuition					
General Supplies	4,165		12,211	1,289	
Total Instruction	<u>65,591</u>		<u>13,960</u>	<u>1,289</u>	
Support Services:					
Salaries of Other Professional Staff	11,121				
Personal Service - Employee Benefits	19,349				
Purchased Professional - Educational Services		16,590			10,000
Other Purchased Services (400-500 series)		4,868	135		
Supplies and Materials					
Total Support Services	<u>30,470</u>	<u>21,458</u>	<u>135</u>		<u>10,000</u>
Total Expenditures	<u>\$ 96,061</u>	<u>\$ 21,458</u>	<u>\$ 14,095</u>	<u>\$ 1,289</u>	<u>\$ 10,000</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	IDEA Part B Basic	IDEA Part B Preschool	Local Grants	Totals
REVENUE:				
Local Sources			\$ 4,100	\$ 4,100
Federal Sources	\$ 243,613	\$ 8,819		395,335
Total Revenue	<u>243,613</u>	<u>8,819</u>	<u>4,100</u>	<u>399,435</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				63,175
Tuition	216,533			216,533
General Supplies	1,000	8,819	300	27,784
Total Instruction	<u>217,533</u>	<u>8,819</u>	<u>300</u>	<u>307,492</u>
Support Services:				
Salaries of Other Professional Staff				11,121
Personal Service - Employee Benefits				19,349
Purchased Professional - Educational Services	26,080			52,670
Other Purchased Services (400-500 series)				5,003
Supplies and Materials			3,800	3,800
Total Support Services	<u>26,080</u>		<u>3,800</u>	<u>91,943</u>
Total Expenditures	<u>\$ 243,613</u>	<u>\$ 8,819</u>	<u>\$ 4,100</u>	<u>\$ 399,435</u>

CAPITAL PROJECTS FUND

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Revenue and Other Financing Sources:	
Transfer from Capital Reserve	\$ 25,000
Interest Earned	18
	<hr/>
Total Revenue and Other Financing Sources	25,018
	<hr/>
Expenditures:	
Purchased Professional and Technical Services	2,880
Construction Services	128,328
	<hr/>
Total Expenditures	131,208
	<hr/>
Other Financing Uses:	
Transfer to General Fund	18
	<hr/>
Total Other Financing Uses	131,226
	<hr/>
Deficit of Revenue and Other Financing Sources	
Under Other Financing Uses	(106,208)
	<hr/>
Fund Balance - Beginning of Year	117,877
	<hr/>
Fund Balance - End of Year	\$ 11,669
	<hr/> <hr/>
Recapitulation of Fund Balance:	
Committed	\$ 11,669
Total Fund Balance per Governmental Funds (Budgetary Basis)	\$ 11,669
	<hr/> <hr/>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
STAGE TO CLASSROOM CONVERSION PROJECT - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 465,000	\$ 25,000	\$ 490,000	\$ 490,000
Total Revenue and Other Financing Sources	465,000	25,000	490,000	490,000
Expenditures:				
Purchased Professional and Technical Services	29,151	2,880	32,031	32,031
Construction Services	317,972	128,328	446,300	457,969
Total Expenditures and Other Financing Uses	347,123	131,208	478,331	490,000
Excess/(deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 117,877	\$ (106,208)	\$ 11,669	\$ -0-

Additional Project Information:

Project Name:	
Stage to Classroom Conversion Project	
Grant Date	N/A
Original Authorized Cost	\$ 465,000
Additional Authorized Cost - Capital Reserve	\$ 25,000
Revised Authorized Cost	\$ 490,000
Percentage Increase over Original Authorized Cost	5.38%
Percentage Completion	97.62%
Original Target Completion Date	9/30/2017

PROPRIETARY FUNDS

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 30,030
Intergovernmental Accounts Receivable:	
Federal	6,952
State	288
Inventories	5,673
	<hr/>
Total Current Assets	42,943
	<hr/>
Non-Current Assets:	
Capital Assets	167,588
Less: Accumulated Depreciation	(132,325)
	<hr/>
Total Non-Current Assets	35,263
	<hr/>
Total Assets	78,206
	<hr/>

LIABILITIES:

Current Liabilities:	
Accounts Payable - Vendors	6,221
Unearned Revenue - Donated Commodities	1,146
Unearned Revenue - Prepaid Sales	4,198
Interfund Payable - General Fund	31,378
	<hr/>
Total Current Liabilities	42,943
	<hr/>

NET POSITION:

Investment in Capital Assets	35,263
	<hr/>
Total Net Position	\$ 35,263
	<hr/> <hr/>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 177,719
Daily Sales - Non-Reimbursable Programs	59,240
Special Events	1,125
	<hr/>
Total Operating Revenue	238,084
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	100,736
Cost of Sales - Nonreimbursable Programs	33,579
Salaries, Benefits & Payroll Taxes	205,534
Purchased Professional and Technical Services	6,783
Management Fee	18,245
Depreciation Expense	5,138
Supplies and Repairs	15,304
	<hr/>
Total Operating Expenses	385,318
	<hr/>
Operating Loss	(147,234)
	<hr/>
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	3,637
Federal Sources:	
National School Lunch Program	89,799
National School Breakfast Program	3
Food Distribution Program	23,662
Local Sources:	
Interest Income	628
	<hr/>
Total Non-Operating Revenue	117,729
	<hr/>
Change in Net Position	(29,505)
	<hr/>
Net Position - Beginning of Year	64,768
	<hr/>
Net Position - End of Year	\$ 35,263
	<hr/> <hr/>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 238,084
Settlement of Prior Year Interfund Receivable	-
Payments to Suppliers	(359,624)
	<hr/>
Net Cash Used for Operating Activities	(121,540)
	<hr/>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Revenue	628
	<hr/>
Net Cash Provided by Investing Activities	628
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	3,560
Federal Sources:	
National School Breakfast Program	22
National School Lunch Program	88,473
	<hr/>
Net Cash Provided by Noncapital Financing Activities	92,055
	<hr/>
Net Decrease in Cash and Cash Equivalents	(28,857)
	<hr/>
Cash and Cash Equivalents, July 1	58,887
	<hr/>
Cash and Cash Equivalents, June 30	\$ 30,030
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (147,234)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	5,138
Federal Food Distribution Program	23,662
Changes in Assets and Liabilities:	
(Increase) in Inventory	(1,104)
Increase in Interfunds Payable	15,457
(Decrease) in Accounts Payable	(17,932)
Increase in Unearned Revenue - Donated Commodities	31
Increase in Unearned Revenue - Prepaid Sales	442
	<hr/>
Net Cash Used for Operating Activities	\$ (121,540)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program valued at \$23,693 and utilized Commodities Valued at \$23,662.

FIDUCIARY FUNDS

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	Student Activity	Payroll	Agency Rental Deposit	Athletic Account	Total	Unemployment Compensation Trust	Trust Flexible Spending Trust
ASSETS:							
Cash and Cash Equivalents	\$ 35,736	\$ 14,714	\$ 18,831	\$ 2,359	\$ 71,640	\$ 25,274	\$ 13,363
Total Assets	35,736	14,714	18,831	2,359	71,640	25,274	13,363
LIABILITIES:							
Interfund Payable-General Fund		1,838			1,838		
Payroll Deductions and Withholdings		12,876			12,876		
Rental Deposit Payable			18,831		18,831		
Due to Student Groups	35,736				35,736		
Due Various Groups				2,359	2,359		
Total Liabilities	35,736	14,714	18,831	2,359	71,640		
NET POSITION:							
Held in Trust for Unemployment Claims						25,274	
Held in Trust for Flexible Spending Claims							13,363
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 25,274	\$ 13,363

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Employee Contributions	\$ 23,673	\$ 35,500
Total Additions	<u>23,673</u>	<u>35,500</u>
Investment Earnings:		
Interest	324	226
Net Investment Earnings	<u>324</u>	<u>226</u>
Total Additions	<u>23,997</u>	<u>35,726</u>
DEDUCTIONS:		
Unemployment Compensation Claims	29,736	
Flexible Spending Claims		37,232
Total Deductions	<u>29,736</u>	<u>37,232</u>
Change in Net Position	(5,739)	(1,506)
Net Position - Beginning of the Year	<u>31,013</u>	<u>14,869</u>
Net Position - End of the Year	<u>\$ 25,274</u>	<u>\$ 13,363</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 29,091	\$ 74,711	\$ 68,066	\$ 35,736
Total Assets	<u>\$ 29,091</u>	<u>\$ 74,711</u>	<u>\$ 68,066</u>	<u>\$ 35,736</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 29,091	\$ 74,711	\$ 68,066	\$ 35,736
Total Liabilities	<u>\$ 29,091</u>	<u>\$ 74,711</u>	<u>\$ 68,066</u>	<u>\$ 35,736</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Assets:				
Cash and Cash Equivalents	\$ 14,392	\$ 10,838,748	\$ 10,838,426	\$ 14,714
Total Assets	<u>\$ 14,392</u>	<u>\$ 10,838,748</u>	<u>\$ 10,838,426</u>	<u>\$ 14,714</u>
Liabilities				
Payroll Deductions & Withholdings	\$ 13,804	\$ 10,837,498	\$ 10,838,426	\$ 12,876
Interfund Payable - General Fund	<u>588</u>	<u>1,250</u>		<u>1,838</u>
Total Liabilities	<u>\$ 14,392</u>	<u>\$ 10,838,748</u>	<u>\$ 10,838,426</u>	<u>\$ 14,714</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RENTAL DEPOSIT AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 18,599	\$ 232	_____	\$ 18,831
Total Assets	<u>\$ 18,599</u>	<u>\$ 232</u>	<u>\$ -0-</u>	<u>\$ 18,831</u>
<u>LIABILITIES:</u>				
Rental Deposits Payable	\$ 18,599	\$ 232	_____	\$ 18,831
Total Liabilities	<u>\$ 18,599</u>	<u>\$ 232</u>	<u>\$ -0-</u>	<u>\$ 18,831</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
ATHLETIC ACCOUNT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 2,366	\$ 5,106	\$ 5,113	\$ 2,359
Total Assets	<u>\$ 2,366</u>	<u>\$ 5,106</u>	<u>\$ 5,113</u>	<u>\$ 2,359</u>
<u>LIABILITIES:</u>				
Due to Various Groups	\$ 2,366	\$ 5,106	\$ 5,113	\$ 2,359
Total Liabilities	<u>\$ 2,366</u>	<u>\$ 5,106</u>	<u>\$ 5,113</u>	<u>\$ 2,359</u>

LONG-TERM DEBT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Issue	Date of Issue	Amount of Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2017	Matured	Balance June 30, 2018
			Date	Amount				
Renovations to Elementary and Middle Schools and New Construction to Middle School	10/1/2007	\$ 2,146,000	10/1/18	\$ 160,000	4.375%	\$ 1,030,000	\$ 155,000	\$ 875,000
			10/1/19	165,000	4.375%			
			10/1/20	175,000	4.375%			
			10/1/21	185,000	4.375%			
			10/1/22	190,000	4.375%			
						<u>\$ 1,030,000</u>	<u>\$ 155,000</u>	<u>\$ 875,000</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOT APPLICABLE

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 132,810		\$ 132,810	\$ 132,810	
State Sources:					
Debt Service State Aid Support	63,754		63,754	63,754	
Total Revenue	196,564		196,564	196,564	
EXPENDITURES:					
Regular Debt Service:					
Interest	41,671		41,671	41,671	
Redemption of Principal	155,000		155,000	155,000	
Total Regular Debt Service	196,671		196,671	196,671	
Total Expenditures	196,671		196,671	196,671	
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(107)		(107)	(107)	
Fund Balance, July 1	132		132	132	
Fund Balance, June 30	\$ 25	\$ -0-	\$ 25	\$ 25	\$ -0-
<u>Recapitulation:</u>					
Restricted			\$ 25	\$ 25	

STATISTICAL SECTION
(UNAUDITED)

This part of the School's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the School's overall financial health.

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 4,635,357	\$ 4,614,867	\$ 4,425,427	\$ 4,246,711	\$ 4,489,839	\$ 4,623,806	\$ 5,572,629	\$ 5,409,113	\$ 5,079,351	\$ 4,427,581
Restricted	318,965	1,216,983	1,788,716	1,702,565	1,708,356	2,022,108	1,546,545	1,673,075	1,565,649	2,190,395
Unrestricted/(Deficit)	461,093	83,301	63,170	1,140,454	877,378	(2,571,339)	(2,671,310)	(2,727,233)	(2,467,630)	(3,388,198)
Total governmental activities net position	\$ 5,415,415	\$ 5,915,151	\$ 6,277,313	\$ 7,089,730	\$ 7,075,573	\$ 4,074,575	\$ 4,447,864	\$ 4,354,955	\$ 4,177,370	\$ 3,229,778
Business-type activities										
Investment in capital assets	\$ 7,143	\$ 5,578	\$ 4,013	\$ 2,448	\$ 883	\$ 8,406	\$ 16,396	\$ 19,722	\$ 40,401	\$ 35,263
Unrestricted	156,151	150,211	160,728	140,358	148,407	108,743	113,162	7,420	24,367	
Total business-type activities net position	\$ 163,294	\$ 155,789	\$ 164,741	\$ 142,806	\$ 149,290	\$ 117,149	\$ 129,558	\$ 27,142	\$ 64,768	\$ 35,263
District-wide										
Net investment in capital assets	\$ 4,642,500	\$ 4,620,445	\$ 4,429,440	\$ 4,249,159	\$ 4,490,722	\$ 4,632,212	\$ 5,589,025	\$ 5,428,835	\$ 5,119,752	\$ 4,462,844
Restricted	318,965	1,216,983	1,788,716	1,702,565	1,708,356	2,022,108	1,546,545	1,673,075	1,565,649	2,190,395
Unrestricted/(Deficit)	617,244	233,512	223,898	1,280,812	1,025,785	(2,462,596)	(2,558,148)	(2,719,813)	(2,443,263)	(3,388,198)
Total district net position	\$ 5,578,709	\$ 6,070,940	\$ 6,442,054	\$ 7,232,536	\$ 7,224,863	\$ 4,191,724	\$ 4,577,422	\$ 4,382,097	\$ 4,242,138	\$ 3,265,041

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,394,709	\$ 5,710,472	\$ 4,767,816	\$ 5,185,141	\$ 5,852,111	\$ 6,044,460	\$ 7,340,354	\$ 8,344,994	\$ 9,220,767	\$ 9,344,543
Special education	1,557,804	1,651,064	1,576,753	1,841,343	1,746,192	1,710,704	1,981,593	2,643,512	3,390,433	3,221,994
Other special education	487,811	490,294	374,751	362,561	417,311	368,058	481,020	596,896	714,916	637,827
Other instruction	204,986	184,394	53,194	105,115	104,384	92,178	168,211	104,776	615,631	241,608
Support Services:										
Tuition	6,046,648	5,975,632	7,027,729	6,905,474	6,929,435	6,746,997	6,762,743	6,732,655	6,325,135	7,080,889
Student & instruction related services	1,674,363	1,594,648	1,280,274	1,351,359	1,296,672	1,303,443	1,408,460	1,410,575	1,239,515	2,064,768
School administrative services	526,612	543,864	642,514	506,310	395,172	659,184	392,568	534,437	546,611	828,446
General administrative services	495,414	488,749	508,797	547,936	642,893	690,516	791,007	826,296	874,253	553,837
Plant operations and maintenance	1,056,821	999,086	1,205,138	1,216,739	1,251,747	1,107,503	1,195,259	1,070,048	1,697,758	1,897,849
Pupil transportation	1,178,615	1,278,923	1,150,905	1,177,417	1,204,558	1,216,713	1,477,084	1,199,032	1,084,694	1,134,783
Central services	513,490	592,878	510,251	538,486	682,517	622,020	556,431	514,846	570,560	783,395
Capital Outlay	121,611		1,659	1,735	2,381	3,671	3,671	3,671		3,671
Special Schools	11,900	6,442	147							
Interest on long-term debt	295,104	225,801	208,930	190,939	178,978	41,481	125,410	103,451	47,442	40,823
Unallocated depreciation	556,744	556,744	556,744	556,744	556,744	556,744	556,744	597,693		
Total governmental activities expenses	20,122,632	20,298,991	19,865,602	20,487,299	21,261,095	21,163,672	23,240,555	24,682,882	26,327,715	27,834,433
Business-type activities:										
Food service	314,062	300,994	280,589	320,040	329,456	366,934	329,266	430,008	334,665	385,318
Total business-type activities expense	314,062	300,994	280,589	320,040	329,456	366,934	329,266	430,008	334,665	385,318
Total district expenses	20,436,694	20,599,985	20,146,191	20,807,339	21,590,551	21,530,606	23,569,821	25,112,890	26,662,380	28,219,751
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)									38,983	72,868
Operating grants and contributions	3,219,020	3,583,235	2,508,437	3,240,817	2,555,460	3,188,433	4,412,547	5,423,328	6,938,830	7,382,971
Total governmental activities program revenues	3,219,020	3,583,235	2,508,437	3,240,817	2,555,460	3,188,433	4,412,547	5,423,328	6,997,813	7,455,839
Business-type activities:										
Charges for services:										
Food service	219,364	207,896	213,356	210,042	228,807	220,881	230,882	217,520	236,333	238,084
Operating grants and contributions	67,692	85,593	76,181	88,018	107,105	113,893	110,780	110,027	110,041	117,101
Total business type activities program revenues	287,056	293,489	289,537	298,060	335,912	334,774	341,662	327,547	346,374	355,185
Total district program revenues	3,506,076	3,876,724	2,797,974	3,538,877	2,891,372	3,523,207	4,754,209	5,750,875	7,344,187	7,811,024

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental activities	\$ (16,903,612)	\$ (16,715,736)	\$ (17,357,165)	\$ (17,246,482)	\$ (18,705,635)	\$ (17,975,239)	\$ (18,828,008)	\$ (19,259,554)	\$ (19,329,902)	\$ (20,378,594)
Business-type activities	(27,006)	(7,505)	8,948	(21,980)	6,456	(32,160)	12,396	(102,461)	11,709	(30,133)
Total district-wide net expense	<u>(16,930,618)</u>	<u>(16,723,261)</u>	<u>(17,348,217)</u>	<u>(17,268,462)</u>	<u>(18,699,179)</u>	<u>(18,007,399)</u>	<u>(18,815,612)</u>	<u>(19,362,015)</u>	<u>(19,318,193)</u>	<u>(20,408,727)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	15,485,425	16,104,842	16,749,035	17,050,518	16,916,122	17,172,154	17,481,253	17,699,769	18,053,764	18,414,839
Taxes levied for debt service	743,578	656,953	682,061	666,959	643,124	623,913	598,938	663,881	130,596	132,810
Unrestricted grants and contributions	91,445	74,684	63,598	63,647	743,154	63,489	63,284	63,011	62,639	341,751
Investment earnings	1,037	4,129	2,064	292	326	158	5,165	6,895	21,130	48,108
Miscellaneous income	233,164	236,771	222,569	277,483	388,752	297,215	628,467	733,089	1,012,677	493,494
Transfers	(79,520)									
Disposition/Adjustment of Capital Assets		138,113					424,190			
Reimbursement of Prior Year Tuition										
Total governmental activities	<u>16,475,129</u>	<u>17,215,492</u>	<u>17,719,327</u>	<u>18,058,899</u>	<u>18,691,478</u>	<u>18,156,929</u>	<u>19,201,297</u>	<u>19,166,645</u>	<u>19,280,806</u>	<u>19,431,002</u>
Business-type activities:										
Investment earnings	79,520		4	45	28	19	13	45	100	628
Transfers										
Disposition/Adjustment of Capital Assets										
Total business-type activities	<u>79,520</u>	<u></u>	<u>4</u>	<u>45</u>	<u>28</u>	<u>19</u>	<u>13</u>	<u>45</u>	<u>25,817</u>	<u>628</u>
Total district-wide	<u>16,554,649</u>	<u>17,215,492</u>	<u>17,719,331</u>	<u>18,058,944</u>	<u>18,691,506</u>	<u>18,156,948</u>	<u>19,201,310</u>	<u>19,166,690</u>	<u>19,306,723</u>	<u>19,431,630</u>
Change in Net Position										
Governmental activities	(428,483)	499,736	362,162	812,417	(14,157)	181,690	373,289	(92,909)	(49,096)	(947,592)
Business-type activities	52,514	(7,505)	8,952	(21,935)	6,484	(32,141)	12,409	(102,416)	37,626	(29,505)
Total district	<u>(375,969)</u>	<u>492,231</u>	<u>371,114</u>	<u>790,482</u>	<u>(7,673)</u>	<u>149,549</u>	<u>385,698</u>	<u>(195,325)</u>	<u>(11,470)</u>	<u>(977,097)</u>

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$266,197	\$1,209,198								
Unreserved	614,973	240,943								
Restricted			\$1,529,766	\$1,702,523	\$1,708,271	\$2,021,983	\$1,995,245	\$2,121,767	\$2,120,827	\$2,190,370
Assigned			248,907	1,054,279	776,353	362,283	338,956	300,074	310,708	132,273
Unassigned			269,499	238,290	268,049	275,314	257,866	258,044	272,233	340,864
Total general fund	\$881,170	\$1,450,141	\$2,048,172	\$2,995,092	\$2,752,673	\$2,659,580	\$2,592,067	\$2,679,885	\$2,703,768	\$2,663,507
All Other Governmental Funds										
Unreserved, reported in:										
Special Revenue Fund/(Deficit)	\$264,221	\$ 41,545								
Capital Projects Fund	51,167	7,785								
Debt Service Fund										
Restricted:										
Debt Service Fund			\$ 43	\$ 42	\$ 85	\$ 125	\$ 100	\$ 108	\$ 132	\$ 25
Capital Projects Fund									117,877	11,669
Unassigned:										
Capital Projects Fund/(Deficit)							(448,800)	(448,800)		
Total all other governmental funds/(Deficit)	\$315,388	\$ 49,330	\$ 43	\$ 42	\$ 85	\$ 125	\$ (448,700)	\$ (448,692)	\$ 118,009	\$ 11,694

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 16,229,003	\$ 16,761,795	\$ 17,431,096	\$ 17,717,477	\$ 17,559,246	\$ 17,796,067	\$ 18,080,191	\$ 18,363,650	\$ 18,184,360	\$ 18,547,649
Tuition charges	17,550	17,750	16,842	22,356	32,692	35,335	38,070	61,286	38,983	72,868
Interest earnings	22,396	4,064	2,074	5,499	5,947	5,001	5,165	6,895	21,130	48,108
Rentals	193,218	215,228	205,238	214,835	221,685	230,231	236,008	243,500	259,144	259,144
Miscellaneous	1,037	3,858	479	35,085	128,754	26,806	133,636	489,589	1,012,677	234,650
State sources	2,922,865	3,082,752	2,228,612	2,630,403	2,871,534	2,830,173	3,010,428	3,219,236	3,886,199	3,864,235
Federal sources	387,601	575,167	343,423	674,061	427,080	421,749	374,148	398,689	351,034	424,999
Total revenue	19,773,670	20,660,614	20,227,764	21,299,716	21,246,938	21,345,362	21,877,646	22,782,845	23,494,383	23,451,653
Expenditures										
Instruction										
Regular Instruction	4,826,368	5,143,619	4,212,955	4,573,884	5,090,460	5,222,643	5,467,693	6,027,992	6,369,597	5,622,385
Special education instruction	1,426,465	1,513,941	1,458,815	1,690,390	1,556,502	1,545,920	1,426,668	1,888,996	2,569,014	2,075,719
Other special instruction	439,651	448,546	340,028	317,479	356,837	323,193	306,510	385,678	410,246	390,514
Other instruction	179,848	162,501	41,893	86,439	83,829	75,377	145,887	73,580	115,591	172,164
Support Services:										
Tuition	6,046,648	5,975,632	7,027,729	6,905,474	6,929,435	6,746,997	6,762,743	6,732,655	6,325,135	7,080,889
Student & instruction related services	1,540,663	1,461,602	1,158,447	1,211,614	1,144,803	1,174,946	1,294,867	1,299,931	1,231,296	1,591,339
General administrative services	497,559	518,035	591,698	493,589	355,689	577,910	368,737	553,500	360,398	424,164
School Administrative services	421,164	421,403	437,241	470,174	535,841	596,223	605,224	566,133	536,667	528,951
Plant operations and maintenance	1,004,954	944,116	1,145,034	1,146,410	1,168,692	1,451,855	1,184,568	1,053,036	1,172,928	1,103,125
Pupil transportation	1,170,817	1,271,094	1,142,992	1,169,256	1,195,988	1,208,510	1,470,369	1,192,003	1,076,475	1,123,653
Central services	481,617	553,556	473,147	527,915	669,559	611,170	419,898	369,462	365,753	352,725
Administrative Information Technology										
Unallocated Benefits	865,157	891,280	827,715	987,496	1,225,412	1,212,599	1,426,958	1,678,907	1,705,971	2,199,182
Special Schools	11,900	5,834	132				127,544	138,971	124,370	117,975
Capital outlay	1,524,600	271,491	67,783	42,038	469,528	3,671	1,148,200	7,284	347,123	618,773
Debt service:										
Principal	591,000	590,000	585,000	580,000	575,000	575,000	570,000	655,000	145,000	155,000
Interest and other charges	254,139	185,051	168,411	150,639	131,739	112,401	92,308	71,891	48,235	41,671
Total expenditures	21,282,550	20,357,701	19,679,020	20,352,797	21,489,314	21,438,415	22,818,174	22,695,019	22,903,799	23,598,229
Excess (Deficiency) of revenues over (under) expenditures	(1,508,880)	302,913	548,744	946,919	(242,376)	(93,053)	(940,528)	87,826	590,584	(146,576)

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing sources (uses)										
Special Item - Reimbursement of Prior Year Tuition	\$ 7,751	\$ 32	\$ 10	\$ 32	\$ 43	\$ 39	\$ 424,190	\$ 7	\$ 24	\$ 25,018
Transfers in	(87,271)	(32)	(10)	(32)	(43)	(39)	673,261	(7)	(24)	(25,018)
Transfers out	(79,520)	-0-	-0-	-0-	-0-	-0-	(673,261)	-0-	-0-	-0-
Total other financing sources (uses)	\$ (1,588,400)	\$ 302,913	\$ 548,744	\$ 946,919	\$ (242,376)	\$ (93,053)	\$ (516,338)	\$ 87,826	\$ 590,584	\$ (146,576)
Net change in fund balances	3.12%	3.06%	3.10%	2.96%	2.83%	2.77%	2.71%	2.98%	0.65%	0.68%
Debt service as a percentage of noncapital expenditures										

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Cancellation of Prior Year Accounts Payable	Other	Total
2009	\$ 15,682	\$ 17,550	\$ 193,218				\$ 226,450
2010	4,032	17,750	215,228			\$ 3,858	240,868
2011	2,064	16,842	205,238			479	224,623
2012	5,499	22,356	214,835	\$ 28,625		6,428	277,743
2013	5,904	32,692	221,685			128,754	389,035
2014	4,962	35,335	230,231	12,854		13,952	297,334
2015	5,104	38,070	236,008			137,307	416,489
2016	6,888	61,286	243,500		\$ 247,360	242,229	801,263
2017	21,106	38,983	276,942			270,735	607,766
2018	48,090	72,868	259,144	49,279		185,071	614,452

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2008	\$ 5,160,800	\$ 618,574,400	\$ 2,953,000	\$ 318,400	\$ 49,887,600	\$ 38,154,800	\$ 22,954,100	\$ 738,003,100	\$ 711,977	\$ 738,715,077	\$ 2.16	\$ 1,710,788,744
2009	* 10,446,700	1,310,840,600	6,698,300	348,900	120,983,400	77,469,500	48,109,400	1,574,896,800	1,753,935	1,576,650,735	1.05	1,709,551,504
2010	8,920,300	1,308,042,400	6,698,300	353,500	122,053,800	76,689,100	48,109,400	1,570,867,000	1,682,839	1,572,549,839	1.10	1,604,006,429
2011	8,517,400	1,302,107,000	6,581,700	353,500	120,319,600	75,047,100	48,109,400	1,561,035,700		1,561,035,700	1.11	1,545,175,879
2012	7,401,000	1,152,812,300	5,879,500	355,400	109,742,000	64,994,600	37,896,700	1,379,081,500		1,379,081,500	1.28	1,480,564,104
2013	7,260,000	1,184,170,900	6,234,900	355,400	109,681,800	64,942,600	36,083,800	1,408,729,400		1,372,290,200	1.29	1,480,564,104
2014	6,501,300	1,143,842,500	5,879,500	355,400	114,499,400	64,210,500	36,896,700	1,372,185,300		1,372,185,300	1.32	1,340,717,718
2015	6,531,500	1,132,999,600	5,879,500	355,400	114,815,900	62,000,500	36,896,700	1,359,479,100		1,359,479,100	1.35	1,331,789,820
2016	6,411,400	1,132,273,600	5,132,600	347,900	114,157,800	59,708,400	36,896,700	1,354,928,400		1,354,928,400	1.34	1,346,706,502
2017	7,183,800	1,131,423,900	5,132,600	337,400	113,820,900	59,252,400	36,896,700	1,354,047,700		1,354,047,700	1.37	1,365,006,098

* Revaluation year

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

LINCOLN PARK BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100 of assessed value)
UNAUDITED

Year Ended December 31,	Lincoln Park School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Lincoln Park	Morris County	
2008	\$ 2.15	\$ 0.01	\$ 2.16	\$ 1.46	\$ 0.54	\$ 4.16
2009 *	1.04	0.01	1.05	0.75	0.25	2.04
2010	1.06	0.04	1.10	0.78	0.23	2.11
2011	1.07	0.04	1.11	0.79	0.23	2.13
2012	1.23	0.05	1.28	0.92	0.26	2.46
2013	1.24	0.05	1.29	0.94	0.26	2.49
2014	1.27	0.04	1.32	0.95	0.25	2.51
2015	1.30	0.05	1.35	0.97	0.24	2.56
2016	1.33	0.01	1.34	0.99	0.25	2.58
2017	1.36	0.01	1.37	0.99	0.25	2.61

* Revaluation year

Source: Municipal Tax Collector and School Business Administrator

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

INFORMATION NOT AVAILABLE

LINCOLN PARK BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Taxes Levied for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2009	\$ 16,229,003	\$ 16,229,003	100.00%	-0-
2010	16,761,795	16,761,795	100.00%	-0-
2011	17,431,096	17,431,096	100.00%	-0-
2012	17,717,477	17,717,477	100.00%	-0-
2013	17,559,246	17,559,246	100.00%	-0-
2014	18,105,166	18,105,166	100.00%	-0-
2015	18,080,191	18,080,191	100.00%	-0-
2016	18,363,650	18,363,650	100.00%	-0-
2017	18,184,360	18,184,360	100.00%	-0-
2018	18,547,649	18,547,649	100.00%	-0-

Source: Borough of Lincoln Park District records including the Certificate and Report of School Taxes (A4F form)

- a. School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified, prior to the end of the school year.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)			
2009	\$ 5,305,000				\$ 5,305,000	0.70%	\$ 501
2010	4,715,000				4,715,000	0.60%	447
2011	4,130,000				4,130,000	0.51%	391
2012	3,550,000				3,550,000	0.42%	337
2013	2,975,000				2,975,000	0.35%	284
2014	2,400,000				2,400,000	0.27%	229
2015	1,830,000				1,830,000	0.20%	176
2016	1,175,000				1,175,000	0.13%	112
2017	1,030,000				1,030,000	0.11%	98
2018	875,000				875,000	0.09%	84

Source: School District Financial Reports

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 5,305,000	-0-	\$ 5,305,000	0.718%	\$ 501
2010	4,715,000	-0-	4,715,000	0.299%	447
2011	4,130,000	-0-	4,130,000	0.263%	391
2012	3,550,000	-0-	3,550,000	0.227%	337
2013	2,975,000	-0-	2,975,000	0.216%	284
2014	2,400,000	-0-	2,400,000	0.175%	229
2015	1,830,000	-0-	1,830,000	0.133%	176
2016	1,175,000	-0-	1,175,000	0.086%	112
2017	1,030,000	-0-	1,030,000	0.076%	98
2018	875,000	-0-	875,000	0.065%	84

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the previous calendar year.

b Population data can be found in Exhibit J-14. This ratio is calculated using population estimate for the previous calendar year.

Source: School District Financial Reports

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Lincoln Park	\$ 22,702,405	100.00%	\$ 22,702,405
Morris County General Obligation Debt	221,180,986	1.475%	<u>3,261,709</u>
Subtotal, overlapping debt			25,964,114
Lincoln Park School District Direct Debt			<u>875,000</u>
Total direct and overlapping debt			<u><u>\$ 26,839,114</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lincoln Park. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis
	2017 \$ 1,384,506,851
	2016 1,362,558,729
	2015 1,347,887,269
	<u>\$ 4,094,952,849</u>
	<u>\$ 1,364,984,283</u>
	Average equalized valuation of taxable property
	Debt limit (3% of average equalization value)
	Net bonded school debt
	Legal debt margin
	\$ 40,949,528
	875,000
	<u>\$ 40,074,528</u>

Fiscal Year

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 49,901,093	\$ 49,996,151	\$ 48,463,481	\$ 46,283,925	\$ 44,306,594	\$ 42,172,057	\$ 40,821,385	\$ 40,259,517	\$ 40,512,563	\$ 40,949,528
Total net debt applicable to limit	5,305,000	4,715,000	4,130,000	3,550,000	2,975,000	2,400,000	1,830,000	1,175,000	1,030,000	875,000
Legal debt margin	\$ 31,370,100	\$ 36,274,588	\$ 41,309,866	\$ 44,596,093	\$ 45,281,151	\$ 44,333,481	\$ 38,991,385	\$ 39,084,517	\$ 39,482,563	\$ 40,074,528
Total net debt applicable to the limit as a percentage of debt limit	10.63%	9.43%	8.52%	7.67%	6.71%	5.69%	4.48%	2.92%	2.54%	2.14%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

LINCOLN PARK BOROUGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year</u>	<u>Borough Population^a</u>	<u>Personal Income (thousands of dollars)^b</u>	<u>Morris County Per Capita Personal Income^c</u>	<u>Borough Unemployment Rate^d</u>
2009	10,580	\$ 754,999,380	\$ 71,361	7.10%
2010	10,550	785,553,000	74,460	7.10%
2011	10,562	815,460,334	77,207	7.20%
2012	10,548	844,124,796	80,027	7.00%
2013	10,478	847,334,904	80,868	6.90%
2014	10,497	878,462,439	83,687	5.90%
2015	10,404	914,469,984	87,896	4.90%
2016	10,451	930,818,315	89,065	4.30%
2017	10,468	932,332,420	89,065 *	4.00%
2018	10,468 **	932,332,420 *	89,065 *	N/A

* - Latest Morris County per capita personal income available (2016) was used for calculation purposes.

** - Latest population data available (2017) was used for calculation purposes.

N/A - Information Unavailable

Source: School District Reports

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income has been estimated based upon the municipal population and per capita personal income presented

c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

LINCOLN PARK BOARD OF EDUCATION
PRINCIPAL EMPLOYERS - MORRIS COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

INFORMATION NOT AVAILABLE

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction	62.0	64.6	60.0	52.6	56.0	54.0	55.0	56.0	64.2	64.2
Regular	17.0	23.0	20.0	21.4	23.4	20.5	27.0	29.5	20.4	20.4
Special education										
Support Services:										
Student & instruction related services	25.0	15.0	11.0	11.0	10.8	10.8	10.8	10.8	28.0	28.0
School administrative services	4.0	4.0	4.0	4.1	4.1	4.1	4.1	4.1	4.0	4.0
General and administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.1	2.1
Plant operations and maintenance	9.5	8.9	9.0	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Pupil transportation	0.5	0.5	1.0	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Business and other support services	6.0	5.5	7.0	6.8	6.0	6.0	6.0	6.0	5.0	5.0
Food Service	2.0	2.6				8.0	8.0	8.0	7.0	7.0
Total	127.0	125.1	113.0	105.7	110.1	113.2	120.7	124.2	139.5	139.5

* 2017 includes student shadows in student & instructional related services

Source: District Personnel Records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2009	907	\$ 18,890,185	\$ 20,827	-2.94%	80	1:12	1:10	907	877	-0.66%	96.37%
2010	887	19,311,159	21,771	3.48%	79	1:13	1:9	887	859	-2.21%	96.84%
2011	890	18,857,826	21,189	-1.02%	73	1:13	1:10	890	856	0.34%	96.18%
2012	875	19,580,120	22,377	5.27%	77	1:12	1:10	875	857	-1.69%	97.94%
2013	899	20,313,047	22,595	0.97%	79	1:11	1:09	899	876	2.74%	97.44%
2014	934	20,747,343	22,213	-1.69%	80	1:12	1:10	942	906	4.78%	96.18%
2015	953	21,007,666	22,044	-0.76%	82	1:12	1:11	953	917	1.17%	96.22%
2016	934	21,960,844	23,513	6.66%	85	1:12	1:12	933	910	-2.10%	97.53%
2017	937	22,363,441	23,867	1.51%	85	1:12	1:12	920	880	-1.39%	95.65%
2018	939	22,782,785	24,263	1.66%	85	1:12	1:12	939	898	2.07%	95.63%

Sources: Borough of Lincoln Park School District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The cost per pupil calculated above is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Chapel Hill School (1923)										
Square Feet	53,600	53,600	53,600	53,600	53,600	53,600	53,600	53,600	53,600	53,600
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Elementary School (1966)										
Square Feet	66,640	66,640	66,640	66,640	66,640	66,640	66,640	66,640	66,640	66,640
Capacity (students)	533	533	533	533	533	533	533	533	533	533
Enrollment	493	522	526	516	527	505	568	536	536	536
Middle School (1959)										
Square Feet	79,120	79,120	79,120	79,120	79,120	79,120	79,120	79,120	79,120	79,120
Capacity (students)	603	603	603	603	603	603	603	603	603	603
Enrollment	414	365	364	359	372	435	396	398	398	398
Number of Schools at June 30, 2018										
Elementary = 1										
Middle School = 1										
Other = 0										

N/A - Not available or applicable

Note: Enrollment is based on the annual October district count.

Source: Lincoln Park Borough School District Central Office

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES*
11-000-261-xxx

Fiscal Year Ended June 30,	Chapel Hill School	Elementary School	Middle School	Total
2009	\$ 1,785	\$ 35,695	\$ 51,758	\$ 89,238
2010	2,138	42,754	61,993	106,885
2011	4,638	92,756	134,496	231,889
2012	2,531	50,630	73,413	126,574
2013	3,409	68,187	98,871	170,467
2014	3,374	67,478	97,842	168,694
2015	3,553	71,055	81,828	156,436
2016	1,500	61,394	73,097	135,991
2017	250	92,074	91,337	183,661
2018		73,129	99,097	172,226

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - NJ Schools Insurance Group (NJSIG):		
Policy Number - P283AG		
<u>PROPERTY SECTION:</u>		
Blanket Building and Contents (fund limit)	\$ 5,000,000	\$ 5,000
Accounts Receivable	250,000	5,000
Automobile Physical Damage	In Blanket Limit	1,000
Electronic Data Processing Equipment	In Blanket Limit	1,000
<u>LIABILITY SECTION:</u>		
Comprehensive General Liability	11,000,000	1,000
Automobile Liability	11,000,000	1,000
Employee Benefit Liability	11,000,000	1,000
<u>CRIME:</u>		
Blanket Employee Dishonesty	250,000	1,000
Forgery	50,000	500
Theft/Disappearance/Destruction:	100,000	500
Inside		
Outside	50,000	500
	50,000	500
<u>SCHOOL BOARD LEGAL LIABILITY - NJSIG (E283AG)</u>		
	11,000,000	5,000
Zurich Insurance Company (NJSIG):		
<u>ENVIRONMENTAL IMPAIRMENT LIABILITY:</u>		
Limit of Liability:		
Incident		
Fund Annual Aggregate	1,000,000	10,000
	25,000,000	
<u>WORKERS' COMPENSATION (NJSIG - W283AG):</u>		
(a) Statutory Benefits		
(a) Employer's Liability	Included	
Supplemental Coverage (optional)	2,000,000	
	Included	
<u>BONDS</u>		
Public Employees' Faithful Performance Blanket Position Bond -		
Board Secretary - A Pollio		
Treasurer -K Geisler	220,000	1,000
	210,000	
STUDENT ACCIDENT (Axis Insurance Company)		
Mandatory (KAMB-111083-0029-M)		
Catastrophic (KAMB-111079-0029-C)	25,000	
	7,000,000	25,000

Source: Lincoln Park Borough School District records.

SINGLE AUDIT SECTION



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 200 Valley Road, Suite 300
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Report on Internal Control over Financial Reporting
 and on Compliance and Other Matters Based on an Audit of Financial Statements
 Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Lincoln Park Borough School District
 County of Morris, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lincoln Park Board of Education, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
Page 2

Compliance and Other Matters

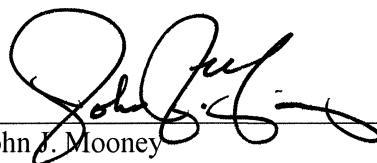
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP
NISIVOCCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant



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Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Lincoln Park Borough School District
 County of Morris, New Jersey

Report on Compliance for Each Major State Program

We have audited Lincoln Park Board of Education's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2018. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2018.

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
Page 2

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

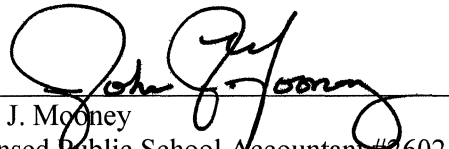
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

January 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP
NISIVOCCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Unearned Revenue/ (Accounts Receivable) 6/30/2017	Due to Grantor 6/30/2017	Cash Received	Budgetary Expenditures	Cancellation of Prior Year's Accounts Payable/Receivable	Repayment of Prior Years' Balances	Balance 6/30/2018 Accounts Receivable	Unearned Revenue 6/30/2018	Due to Grantor 6/30/2018	Amount Provided to Subrecipient
Enterprise Fund:														
U.S. Department of Agriculture														
Passed-through State Department of Agriculture:														
Child Nutrition Cluster														
Food Distribution Program	10.555	N/A	7/1/16-6/30/17	\$ 25,281	\$ 1,115		\$ 23,693	\$ (1,115)				\$ 1,146		
Food Distribution Program	10.555	N/A	7/1/17-6/30/18	23,693	1,115		23,693	(23,662)				1,146		
Total Food Distribution Program														
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	81,334	(5,627)		5,627	(89,799)			\$ (6,952)			
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	89,799			82,847							
School Breakfast Program	10.553	N/A	7/1/16-6/30/17	414	(19)		19							
School Breakfast Program	10.553	N/A	7/1/17-6/30/18	3	(3)		3				(6,952)			
Total Child Nutrition Cluster														
Total U.S. Department of Agriculture														
U.S. Department of Health and Human Services:														
Medicaid Cluster:														
Medicaid Assistance Program	93.778	N/A	7/1/17-6/30/18	3,667			3,667	(3,667)						
Total General Fund														
Special Revenue Fund:														
U.S. Department of Education														
Passed-through State Department of Education:														
Elementary and Secondary Education Act Consolidated:														
Title I	84.010A	ESEA265018	7/1/17-6/30/18	96,061	(48,985)	\$ 1,361	64,943	(96,061)			(31,118)		\$ 1,361	
Title I	84.010A	ESEA265017	7/1/16-6/30/17	94,299			48,985							
Title I	84.010A	ESEA265016	7/1/15-6/30/16	94,428										
Title I	84.010A	ESEA265015	7/1/14-6/30/15	95,203		31				\$ 31				
Title I	84.010A	ESEA265008	9/1/07-8/31/08	63,605	(48,985)	1,992	113,928	(96,061)		1,992	(31,118)		1,361	
Total Title I														
Title II	84.367A	ESEA265018	7/1/17-6/30/18	21,458	(2,260)		21,273	(21,458)			(185)			
Title II	84.367A	ESEA265017	7/1/16-6/30/17	11,531			2,260							
Title II	84.367A	ESEA265015	7/1/14-6/30/15	14,388		1,675				1,675				
Title II	84.367A	ESEA265008	9/1/07-8/31/08	20,617		2,379				2,379				
Total Title II														
Title III	84.365A	ESEA265018	7/1/17-6/30/18	10,258	(2,260)	4,054	23,533	(21,458)			(185)			
Title III	84.365A	ESEA265017	7/1/16-6/30/17	15,943	(14,229)		6,600	(14,095)			(7,495)			
Title III	84.365A	ESEA265016	7/1/15-6/30/16	17,910		4,158	13,299		\$ 930					
Title III	84.365A	ESEA265015	7/1/14-6/30/15	16,369		4							4,158	
Title III	84.365A	ESEA265014	7/1/13-6/30/14	16,743		443				443				
Total Title III - Immigrant														
Total Title III														
Title IV	84.424A	ESEA2650-18	7/1/17-6/30/18	10,000	(14,229)	4,605	19,899	(15,384)		447	(1,289)		4,158	
Total Title IV														
Special Education Cluster:														
IDEA Part B, Basic Regular	84.027	IDEA265018	7/1/17-6/30/18	243,613	(159,429)		235,433	(243,613)			(8,180)			
IDEA Part B, Basic Regular	84.027	IDEA265017	7/1/16-6/30/17	248,080		8,247	159,429			8,247				
IDEA Part B, Basic Regular	84.027	IDEA265015	7/1/14-6/30/15	250,320		1,000				1,000				
IDEA Part B, Basic Regular	84.027	IDEA265014	7/1/13-6/30/14	275,765		134				134				
IDEA Part B, Basic Regular	84.027	IDEA265013	9/1/12-8/31/13	278,085			7,501	(8,819)						
IDEA Part B, Preschool	84.173	IDEA265018	7/1/17-6/30/18	8,819	(8,469)		8,469				(1,318)			
IDEA Part B, Preschool	84.173	IDEA265017	7/1/16-6/30/17	8,892	(167,898)	9,381	410,832	(252,432)		9,381	(9,498)			
Total Special Education Cluster														
Total Special Revenue Fund/U.S. Department of Education														
Total Federal Awards														
N/A - Not applicable														

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance Due Grantor/ (Accounts Receivable) 6/30/2017	Cash Received	Budgetary Expenditures	GAAP (Accounts Receivable)	June 30, 2018		Memo		
								Budgetary Unearned Revenue	Due to Grantor	(Budgetary Receivable)	Cumulative Total Expenditures	
NJ Department of Education:												
General Fund												
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	\$ 635,819	\$	\$ 575,320	\$ (635,819)			\$ (60,499)	\$ 635,819		
Transportation Aid - Non-public reimbursement	18-495-034-5120-014	7/1/17-6/30/18	27,446			(27,446)			(27,446)	27,446		
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	717,072		648,843	(717,072)			(68,229)	717,072		
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	106,676		96,526	(106,676)			(10,150)	106,676		
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	134,141		121,377	(134,141)			(12,764)	134,141		
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	12,400		11,220	(12,400)			(1,180)	12,400		
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	12,400		11,220	(12,400)			(1,180)	12,400		
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	12,350		11,175	(12,350)			(1,175)	12,350		
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	86,836			(86,836)			(86,836)	86,836		
Homeless Tuition Reimbursement	18-495-034-5120-005	7/1/17-6/30/18	19,594			(19,594)			(19,594)	19,594		
TPAF Pension Contributions (non-budgeted)	18-495-034-5094-002	7/1/17-6/30/18	920,627		920,627	(920,627)			(19,594)	920,627		
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	18-495-034-5094-001	7/1/17-6/30/18	609,043		609,043	(609,043)				609,043		
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	18-495-034-5094-004	7/1/17-6/30/18	22,341		22,341	(22,341)				22,341		
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)	18-495-034-5094-004	7/1/17-6/30/18	1,702		1,702	(1,702)				1,702		
Reimbursed TPAF Social Security Contributions	18-495-034-5095-003	7/1/17-6/30/18	482,034		458,808	(482,034)			(23,226)	482,034		
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	635,819	\$ (60,565)								
Transportation Aid - Non-public reimbursement	17-495-034-5120-014	7/1/16-6/30/17	14,886	(14,886)								
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	715,271	(68,134)	68,134							
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	106,676	(10,161)	10,161							
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	134,141	(12,778)	12,778							
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	12,400	(1,181)	1,181							
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	12,400	(1,181)	1,181							
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	12,350	(1,177)	1,177							
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	27,460	(27,460)	27,460							
Reimbursed TPAF Social Security Contributions	17-495-034-5095-003	7/1/16-6/30/17	485,008	(24,051)	24,051							
Total General Fund State Aid				(221,574)	3,709,776	(3,800,481)	(157,102)		(312,279)	5,956,892		
Special Revenue Fund												
Anti Bullying Aid		7/1/13-6/30/18	3,604	3,604				\$ 3,604		3,604		
Total Special Revenue Fund				3,604				3,604				
Debt Service Fund:												
Debt Service State Aid Support	18-495-034-5120-017	7/1/17-6/30/18	63,754		63,754	(63,754)				63,754		
Total Debt Service Fund					63,754	(63,754)						
Enterprise Fund:												
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	3,012	(210)	210					3,012		
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	3,637		3,349	(3,637)			(288)	3,637		
Total Enterprise Fund				(210)	3,559	(3,637)	(288)		(288)	6,649		
Total State Awards				(218,180)	3,777,089	(3,867,872)	(157,390)	\$ 3,604	\$ (312,567)	\$ 6,030,899		
N/A - Not available												

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance Due Grantor/ (Accounts Receivable) 6/30/2017	Cash Received	Budgetary Expenditures	GAAP (Accounts Receivable)	June 30, 2018		Memo
								Budgetary Unearned Revenue	Due to Grantor	
Less: State Awards Not Subject to Single Audit Major Program Determination										
On-Behalf TPAF Pension System Contributions:										
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18	\$ (920,627)			\$ 920,627				
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18	(609,043)			609,043				
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	(22,341)			22,341				
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	(1,702)			1,702				
Subtotal - On-Behalf TPAF Pension System Contributions						1,553,713				
Total State Awards Subject to Single Audit Major Program Determination						\$ (2,314,159)				

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include federal and state grant activity of the Board of Education, Lincoln Park Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2018. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A-22-44.2. For GAAP purposes, these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$-0- for the General Fund and \$22,197 for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 3,667	\$ 3,800,481	\$ 3,804,148
Special Revenue Fund	421,332		421,332
Debt Service Fund		63,754	63,754
Food Service Fund	<u>113,464</u>	<u>3,637</u>	<u>117,101</u>
Total Awards	<u>\$ 538,463</u>	<u>\$ 3,867,872</u>	<u>\$ 4,406,335</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2018.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over each major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for each major state program for the District expresses an unmodified opinion on each major state program.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2018 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.156(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following awards:

	<u>State</u> <u>Grant Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Budgetary</u> <u>Expenditures</u>
State:				
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	717,072	717,072
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	106,676	106,676
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	134,141	134,141
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	12,400	12,400
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	12,400	12,400
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	12,350	12,350

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings:

The prior year audit finding 2017-01 regarding over expending budget line items has been resolved in the current year.